



Millennials and Gen Z want a fun and authentic shopping experience

RETAIL AND COMMERCIAL STRATEGY CONSULTANCY, **PRAGMA**, SHARES TEN TOP TIPS FOR JEWELLERY RETAILERS LOOKING TO BUILD RELATIONSHIPS WITH **MILLENNIALS AND GEN Z**.

BUILDING BLOCKS

With Millennials set to be the highest-spending generation globally from 2020 and Gen Z already making up 35% of the world population, it is no surprise that building relationships with these demographic groups is front of mind for jewellery retailers.

Capturing the attention of these consumers, their share of wallet, and continued loyalty in today's experience economy will require a strong understanding of their needs, views, and values.

At Pragma we work with many of the UK's leading retailers, including jewellers, many of whom are targeting younger customers.

Here we share our top ten tips to inspire meaningful relationships between brands, millennial's (age 21 – 39), and Generation Z (age 0 – 20).



46% of Gen Z's follow more than ten online influencers

1. BE AUTHENTIC

Stories sell. We find that there has been a recent shift from interest in the mass-produced to the curated, and younger customers often want to know the story behind what they're purchasing. Jewellery retailers can emphasise the sourcing and craftsmanship behind the piece, as well as tell the story of the consumer that ultimately wears it in order to build a more emotional connection amongst consumers. Monica Vinader ran an #ExpressYourself campaign last year that released videos of everyday women and how they wore the brand to express individuality. In focusing a campaign around real stories, in spite of entering mass market the brand has been able to remain relatable and authentic in the eye of the consumer.

2. BE ETHICAL

Research suggests that the ethical standards of a brand are important to 42% of millennials. There is increasing pressure, particularly in the fine jewellery sector, to place emphasis on the ethical credentials of raw materials. There is an opportunity to take this further by encouraging purposeful purchasing. Chopard, for example, not only sources materials responsibly but has also partnered with gold mining communities in South America to boost social and economic development. Championing a cause such as this creates brand appeal and resonates with the millennial and Gen Z desire to 'give back'.

3. BE INNOVATIVE

It is suggested that 70% of millennials will consider a lab-grown diamond engagement ring. Being more environmentally-conscious, younger consumers are buying into brands that are building their identity on being anti-conflict and environmentally conscious. Contemporary jewellery brand Kimai centres pieces around lab-grown diamonds and delivers products in recyclable packaging. With the lab-grown small diamonds market predicted to grow rapidly, and the likes of Meghan Markle wearing pieces from brands such as Kimai, jewellery retailers will need to innovate in order to not lose out to upstarts gaining traction in the fine jewellery space.

4. BE SUSTAINABLE

With the rise of both the circular and sharing economy, the luxury rental

market has emerged. Glitzbox, a London-based start-up, is a subscription service for jewellery rental. Although this may not be the obvious answer for jewellery retailers, as millennials and Gen Z purchase fewer high value items focusing on the mantra of quality over quantity, they may look to reuse raw materials in the future. Retailers could potentially offer additional services such as the melting down of gold or resetting diamonds to encourage customer lifetime value.

5. BE TRANSPARENT

As digital natives, we know that millennials and Gen Z are constantly browsing online. A report by De Beers suggests that around 60% of millennial and Gen Z women search the internet prior to purchase to learn about diamond designs, quality, and pricing. Being transparent about what they are buying and at what price-point is a useful tool to build trust. This transparency is often where retailers lose out to players such as US brand Mejuri whose tagline is 'everyday fine jewellery minus the traditional markups'. On each product they provide the 'estimated traditional retail price' against their Mejuri price to land the messaging around fair pricing.

6. BE PERSONAL

Through our work we have found that younger customers have expectations around high degrees of curation when it comes to customer service, and technology is being adopted by many retailers to respond to these ever-increasing needs. In the US, millennials are considered more likely to be comfortable using chatbots, and 70% that have used them reported a positive experience. deGrisogono unveiled social media campaigns with chatbots that gave purchasing advice via Facebook based on personalised queries by customers. Jewellery retailers should be increasingly looking to purposeful technology to solve customer needs and provide on-demand interaction.

7. BE SOCIAL

Social media is redefining the celebrities of today with 46% of Gen Z's following more than ten online influencers. Gen Z have demonstrated



more interaction with brands through social media than millennials and prefer to interact via Instagram rather than the millennial's preference of Facebook or Twitter. Jewellers need to enable shopping functionality on Instagram, and incorporate user-generated content in-store and online. For example, Missoma allows customers to shop the look through Instagram posts.

8. BE ACCESSIBLE

Though women remain the predominant customer for jewellery, millennial's and Gen Z are driving men's jewellery sales. A brand that is tapping in to this potential is UK-based Astrid & Miyu, which has released its first unisex range of jewellery. Amongst young women, jewellery is no longer only for celebrations, nor do women feel that they must be gifted it by their partner with more than 51% of millennials purchasing jewellery for themselves. In an era of gender empowerment and higher disposable incomes amongst younger consumers, brands have the potential to respond with more accessible campaigns.

9. BE DATA-DRIVEN

In our work we find that with the growth of online retail, web analytics is a key driver to determining how to appeal to younger customers. Some jewellers are already starting to use data-driven decisions to drive sales; after observing spikes in sales of its Love bracelet among young consumers, Cartier re-released its Panthère watch

on Net-a-Porter, younger customers bought the entry-level pieces (from £3,600), rather than the priciest item (£140,000). Tiffany & Co. and Chopard have also launched on Net-a-Porter to broaden their customer base from the traditional boutique shopper, having identified potential in the shopping behaviours of younger consumers and their increased propensity to spend on luxury jewellery.

10. BE FUN

The experience of buying jewellery, particularly in stores, is still often associated with long queues and locked cabinets. Younger customers are expecting brands to be reflective of their lifestyle and attitudes. Brands are responding with exclusive events in-store where shoppers can enjoy free food and drink, engage in talks attended by influencers, and explore the range on a more accessible level with added perks such as free engravings and personalisation. We believe there is a further opportunity for partnerships whereby multiple brands which resonate with young consumers create an environment that isn't just about the sale, but the experience, leaving a more meaningful and lasting memory in the mind of the young customers of today and the future.

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Pragma is a leading consultancy which helps retailers enhance growth and profits through applying customer and market insight and practical solutions. ✦