

Brick-and-Mortar Retailers' Unlikely Hero: Generation Z

By Ben Lee, J.D. Candidate 2021 | February 25, 2019

The retail apocalypse saga seems to be continuing as some of America's biggest and most historic retailers file for bankruptcy and close up shops. On February 18th, long-time discount shoe retailer, [Payless ShoeSource, filed for Chapter 11 Bankruptcy](#), less than two years after it filed for its first one.

The reasons for Payless's downturn are many, including a computer malfunction during a critical 2018 back-to-school sale period, general inventory overstock, and more. However, per usual, many are quick – perhaps too quick – to conclude that Payless's story, like other retail failure stories, is due simply to the boom in e-commerce giants like Amazon that has replaced traditional shopping in brick and mortar retail stores.

But this e-commerce narrative seems to be far from a complete explanation. TJX, operator of TJ Maxx and Marshalls is absolutely booming – [it hopes to open up more than 1,000 additional stores throughout the US and Canada](#). [Nordstrom](#) and [Home Depot](#) also showed robust earnings in 2018, thanks in large part to their brick and mortar locations. There are numerous other retailers across industries that are faring extremely well in the physical space.

The younger generations of consumers, particularly Generation Z (“Gen Z”), warrant examination, as they have largely been deemed responsible for the downturn in retail shopping in physical stores. Gen Z is the first generation that essentially has not lived without cellular phones. Gen Z's purchasing power is also substantial. It will almost definitively be the largest generation of consumers by 2020 and already accounts from [\\$29 billion to \\$143 billion](#) in direct spending annually. Its members have been defined by the infamous “instant gratification” label. And, contrary to expectations, [“when it comes to shopping, Gen Z consumers are far more traditional – and substantially more patient – than many thought.”](#)

A survey released by Euclid shocked many when it showed that Gen Z actually prefers to shop in and purchase from brick-and-mortar stores than online. For example, when asked if Gen Zers would prefer to purchase makeup straight from their smartphone or in a store, [a resounding 72%](#) signified that they would still prefer to purchase in a store despite the fact that 94% of



millennials purchased makeup straight from their phone. So what can retailers like Payless do to feed this preference?

There's no single answer, but a key will be understanding the distinct facets and preferences of the generation in the shopping context. [Studies repeatedly find that Generation Zers](#) deem personal relationships – which extend to brands – extremely important in informing their purchasing habits, along with transparency, convenience, and more.

The lesson that should be learned is that brick-and-mortar stores are not dead. Gen Zers actually want a physical shopping experience. Accordingly, retailers like Payless need not abandon the brick-and-mortar model, but they need to supplement their models by integrating elements like the convenience or experiential shopping that these young shoppers seek. If retailers like Payless can find avenues to translate these shopping preferences, they may be able to tap into the tremendous purchasing power of the young generation.