

# simplicityDX



## What Gen Z thinks about Holiday Season Shopping 2022

And what it tells us about the future of social shopping

Insights taken from the STATE OF SOCIAL COMMERCE 2022, Q3

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# Introduction

As we edge closer and closer to the holiday shopping season, here at **SimplicityDX**, we have just completed **State of Social Commerce 2022, Q3** research. To complement the core research every quarter, we add a handful of topical questions to gain immediate feedback to issues impacting social shoppers.

This time, we wanted to dig into the attitude of consumers to social shopping during the holiday season and to examine the contrasting attitudes between Gen Z shoppers and other demographics. As the results on Gen Z indicated that this group shopped and felt differently than others, we then decided to extend the research by running the same questionnaire to another 500 Gen Z shoppers.

The clear message to brands: Embrace social commerce in an authentic and engaging manner — particularly if you target Gen Z! But make sure you know what consumers really want as an experience, as there are a few surprises in our research.

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# Executive Summary

Undoubtedly, Gen Z is leading the way with social commerce adoption this peak season. They are shaped by the environment that they find themselves in, super sharp when it comes to technology, and tireless in their pursuit of quality and meaning.

This holiday season, Gen Zers buck the shopping trend in multiple ways. They, more than any other group want to shop on social commerce. They already engage more in live shopping than any other demographic and predict they will continue to do so in the future. They experience more user frustration issues than any other group and, consequently, value customer experience higher than others. Plus, across the board, they exhibit low trust.

Our research results also show consensus in some important areas, most notably the desire for bargains and promotions this holiday season, the demand for authenticity, quality products, and the wish to checkout on the brand site at all times, even during a live shopping event.

The research reveals the fascinating trend that the importance of customer experience, as the key trigger in the buying process, declines as people age — starting with **54%** for ages 16-17 and then dropping to a meager **3.42%** for ages 52 and above. As the younger generations are the highest users of social media, surely this is a reflection on the poor experience that many networks/brands provide shoppers.

## Key statistics - State of Social Commerce 2022, Q3 Results

- **62%** of Gen Z shoppers have made a purchase using social media in the last 90 days, with Instagram leading at **33%**, followed by TikTok at **27%**.
- **80%** of Gen Zers are planning to use social media for holiday shopping, with **41%** planning to use social media for **all or the majority of their shopping**.
- **61% don't trust social networks with their personal data** or think that they abuse it.
- **74%** of Gen Z shoppers **want to check out on the brand site** and not the social network.
- **28%** of Gen Z said getting a great bargain with a discount code or a promotional offer is the major purchase trigger this holiday season.
- **26%** of Gen Zers said customer experience is the major purchase trigger this holiday season.
- **43%** of Gen Z shoppers had already been to a live shopping event, and **19%** of these had purchased during the event

The oldest Gen Z consumers are only 25, so the group has little buying power today. But they are powerful influencers not just to friends but also to the older generations who want to learn from them and keep up to date with new trends. The survey insights provide an important glimpse into the key trends this holiday season and also, by digging deeper into the evolving patterns of Gen Z, the future of social commerce.

# Social Shopping is the Norm for GEN Z this Holiday Season

When asked if they were planning to use social media when looking for gifts this holiday season, **41%** of respondents said that they were planning to do all or the majority of their shopping on social media, and an additional **38%** planned to do some of their shopping on social media.

These results mirror other research in the area; for example, Google SVP Prabhakar Raghavan commented recently:

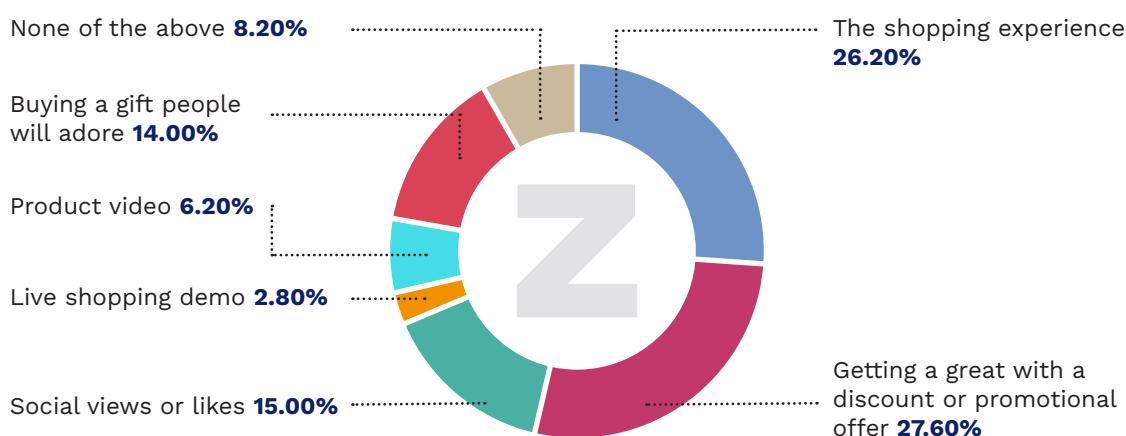
**In our studies, something like almost 40% of young people, when they're looking for a place for lunch, they don't go to Google Maps or Search, they go to TikTok or Instagram.**

Techcrunch

## Key Purchase Trigger for Gen Z this Holiday Season

The major purchase trigger in social shopping this holiday season? For **28%** of Gen Z, it's getting a great bargain with a discount code or a promotional offer. **15%** of Gen Z buy based on social reviews or likes, and for **26%**, the shopping experience was the number one reason they buy.

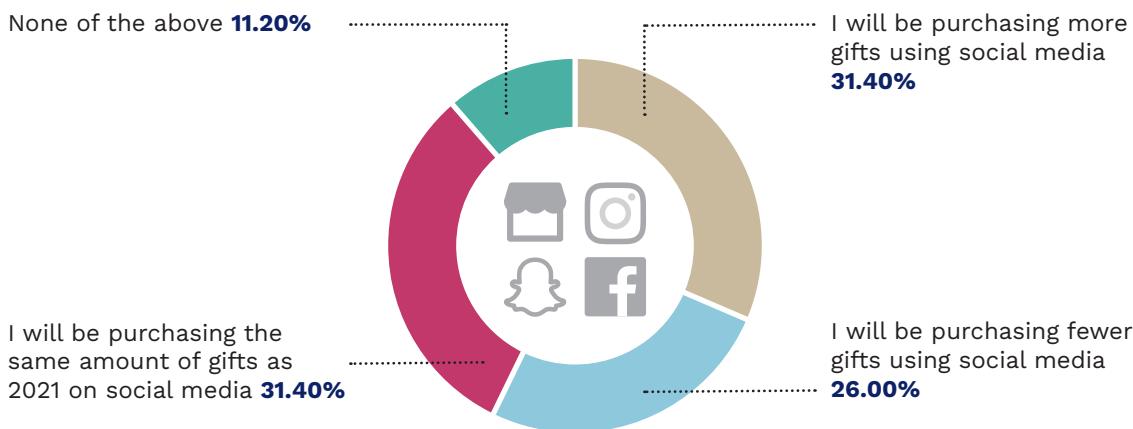
### GEN Z: What do you expect to be your key purchase trigger on social media this season?



# Social Shopping – The Contrast between Gen Z and the Rest

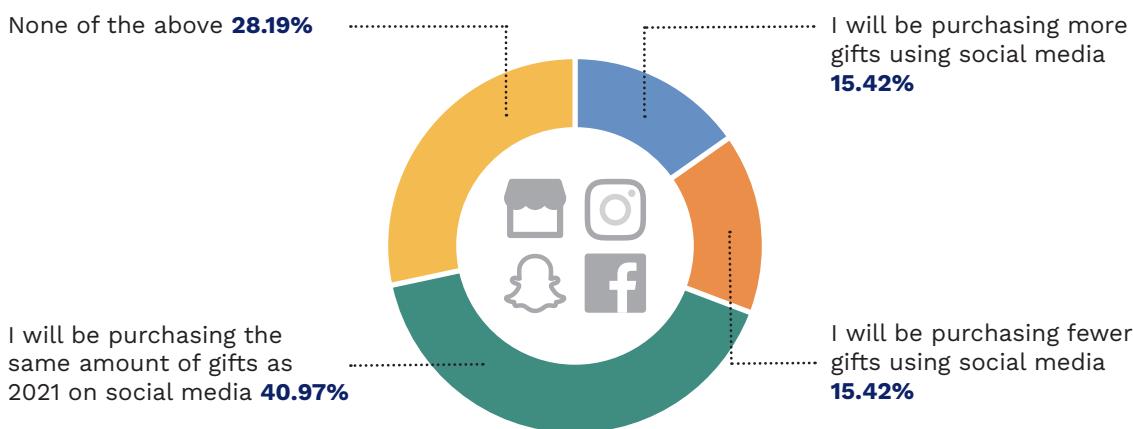
Gen Z stands alone with their predicted increase on social media gift spend this coming holiday season, with **31%** predicting they will be purchasing more gifts using social media. And a further **31%** predict they will be using social to purchase gifts at the same level as 2021.

## GEN Z: This holiday season, what social media purchasing pattern do you expect?



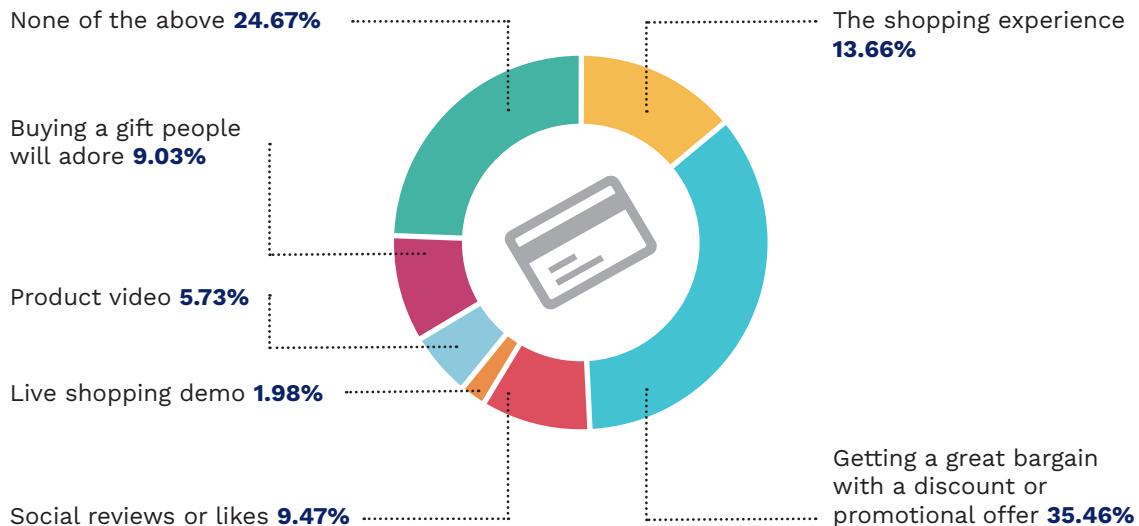
All the other demographics predict that their spend will remain similar to 2021. (See below for results for all demographics excluding Gen Z.).

## The Rest: This holiday season, what social media purchasing pattern do you expect?



Where the generations do agree, however, is on the major purchase trigger in social shopping. A higher percentage of **35%** of all other demographics (Gen Z = **28%**) feel that getting a great bargain with a discount code or a promotional offer is the key purchase trigger on social media this holiday season. It seems all ages are feeling the pinch as the cost of living accelerates. And brands will need to sharpen the discount pen to entice shoppers over the purchase line.

## The Rest: What do you expect to be your key purchase trigger on social media this holiday season?



What really stands out in the data is how much more emphasis Gen Z places on customer experience than older consumers. Twenty-six percent of Gen Z shoppers consider customer experience to be the most important factor, compared with only **14%** for other age groups.

Our State of Social Returns research shows that returning products is a major friction point, and only **17%** of shoppers that bought and returned a product through a social media platform would be willing to shop on social again in the future. This also appears to be connected with the finding that **74%** of GenZ would rather purchase through the brand site.



# Livestreaming – Is It on the Radar for Gen Z and The Rest This Peak Season?

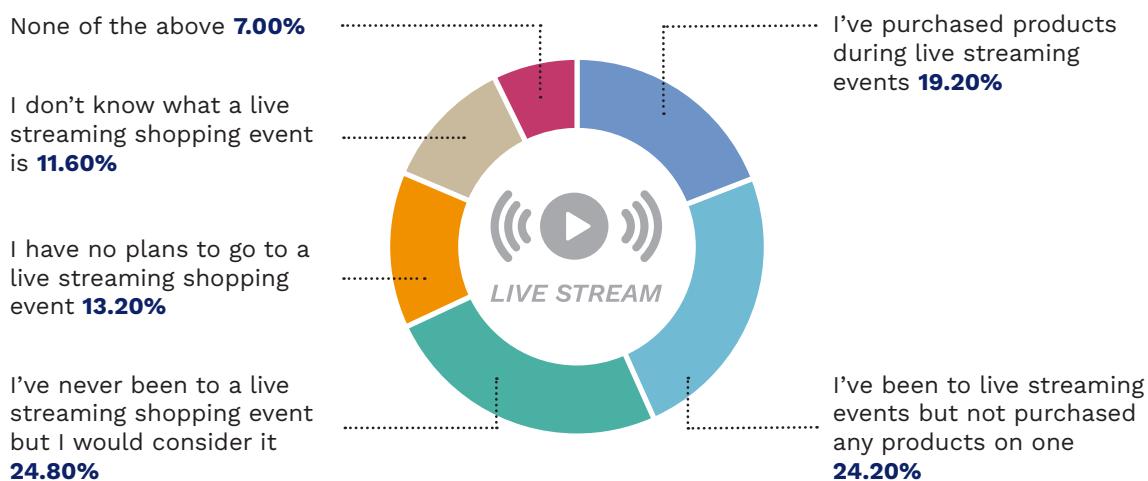
## Should brands invest in live streaming this holiday season?

Recent announcements confirm that while we are not seeing universal adoption of all social commerce features, live streaming is growing in popularity and remains an important part of the marketing mix this holiday season for some segments.

## How invested is Gen Z in live shopping and influencers this holiday season?

The results of the **State of Social Commerce 2022, Q3** survey show that **43%** of the respondents had already been to a live shopping event, and a further **25%** would consider attending. **56%** of the shoppers that attended an event had purchased, which is a healthy indicator that live shoppers are finding the content engaging, relevant and compelling.

## GEN Z: What is your experience of live streaming shopping events?



The results indicate that brands targeting Gen Z may wish to consider live shopping events in their holiday schedule, particularly around promotion and discounts, which we already know will be a major trigger purchase point for all. It's worth noting, however, that the format of live shopping, heavy discounting, and in-built urgency is not a fit for many brands.

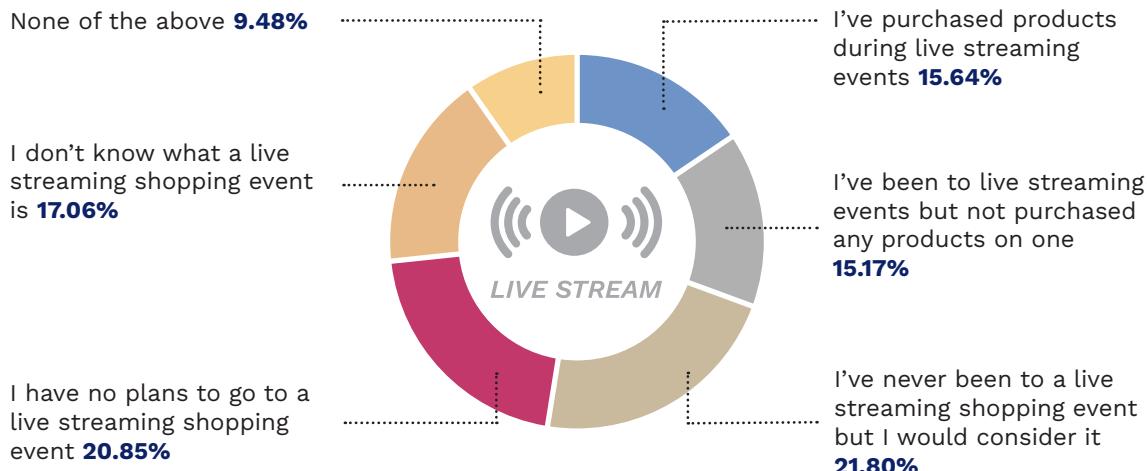
Influencers are also a powerful tool for brands, especially for Gen Z consumers. **64%** of Gen Z find that Influencers are most useful when finding new products and **48%** think that influencers are most useful for recommending new products. It seems, however, when it comes to actually buying a product, influencers are perceived as less trustworthy, with only **36%** of those surveyed saying they find influencer marketing useful for choosing products. This reinforces the importance of influencer authenticity over absolute reach.

## How invested are the older generations in live shopping and influencers this holiday season?

When targeting the older generations, live shopping is still gaining ground but at a slower pace than Gen Z. **31%** have attended an event and a further **22%** would consider attending an event. Encouragingly **50%** of those that had attended an event had purchased from an event in the past.

Gen X respondents say that influencers are most useful when finding new products (**39%**) but it seems they are less likely to be swayed by influencer marketing as only **15%** of respondents surveyed feel these posts are useful for choosing new products.

## The Rest: What is your experience of live streaming shopping events?



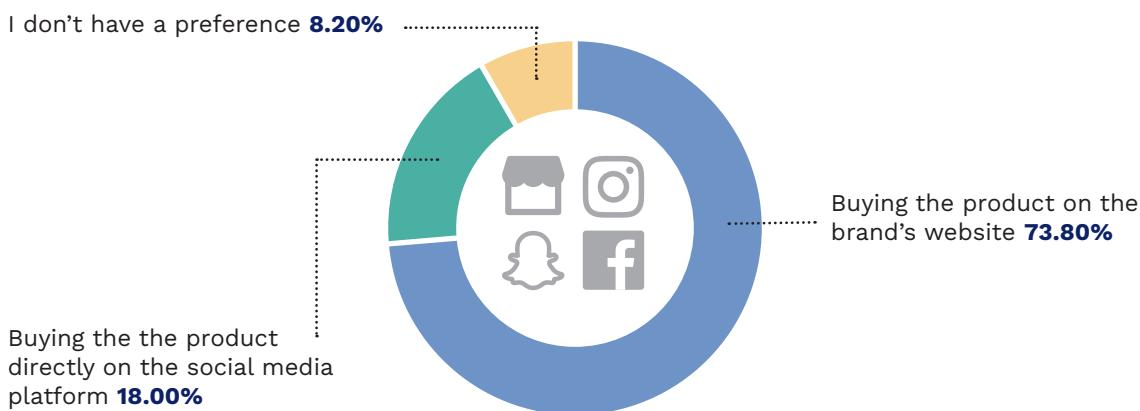
# Holiday Season Checkout

The idea of being able to check out directly on social media and not have to navigate away from the site is appealing. In theory, it should improve the end-to-end experience of social shopping. But the reality is the opposite, and our research consistently demonstrates that it has not won the hearts of consumers or brands. In fact, the data shows that the majority of consumers prefer to check out on the brand site, and this preference is highest for Gen Z.

## Gen Z Checkout Preferences

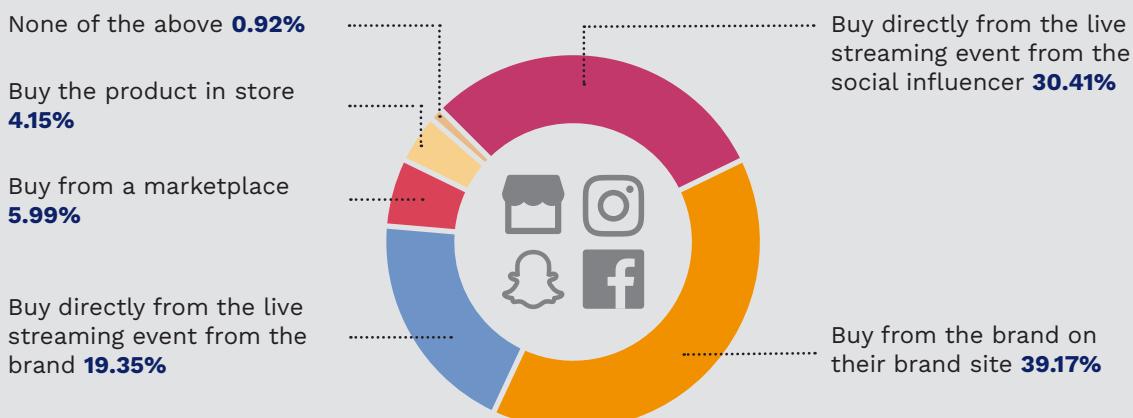
The core research in the September 2022 edition of the **State of Social Commerce 2022, Q3** once again shows that Gen Z predominantly uses social media as a way to discover new products (**64%**). When asked how they prefer to buy when shopping on social media, over three quarters (**74%**) of respondents say they want to check out on the brand site.

### GEN Z: When shopping using social media, which do you prefer?



Surprisingly, this preference even exists during streaming events, where **59%** either want to buy from the brand on their site or from the brand during a livestream — not from the influencer.

### GEN Z: How do you prefer to buy products featured in streaming events?



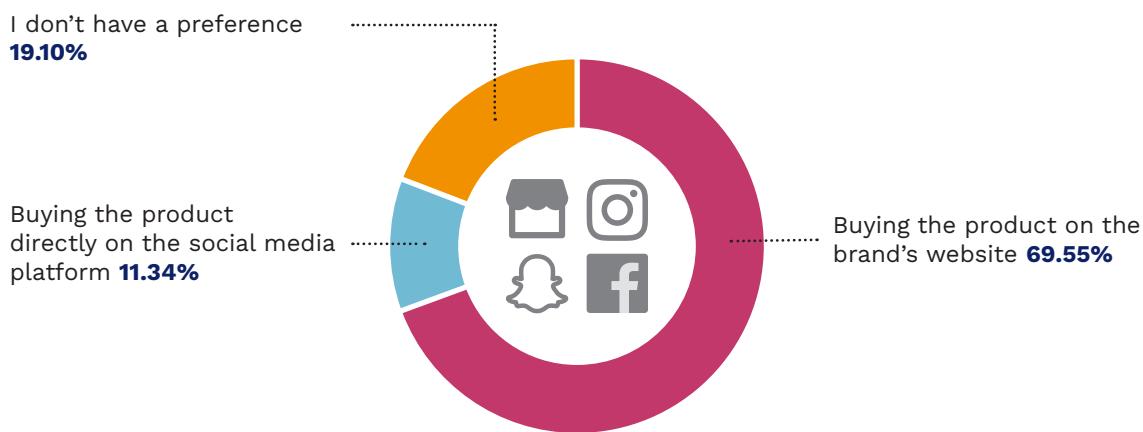
The reasons for this strong preference to buy on the brand site and not on social media are multidimensional: Trust in the brand is important; product availability and assortment frequently differ on social; and critically, over the holiday period, promotions on the brand's site are frequently not reflected on social media. When a customer buys on social and subsequently has to return the product, only **17%** are willing to buy on social again due to the painful return experience. This is a reminder that the end-to-end experience the shoppers get is what really matters, not just the ability to click a buy button.

### **Gen X and Beyond Checkout Preferences**

The core research in **State of Social Commerce 2022, Q3** edition once again shows that the rest predominantly uses social media as a way to discover new products — at **38%**. But currently, **32%** are saying they don't use social media for shopping; compared to only **6%** of Gen Z report not using social media for shopping at this time.

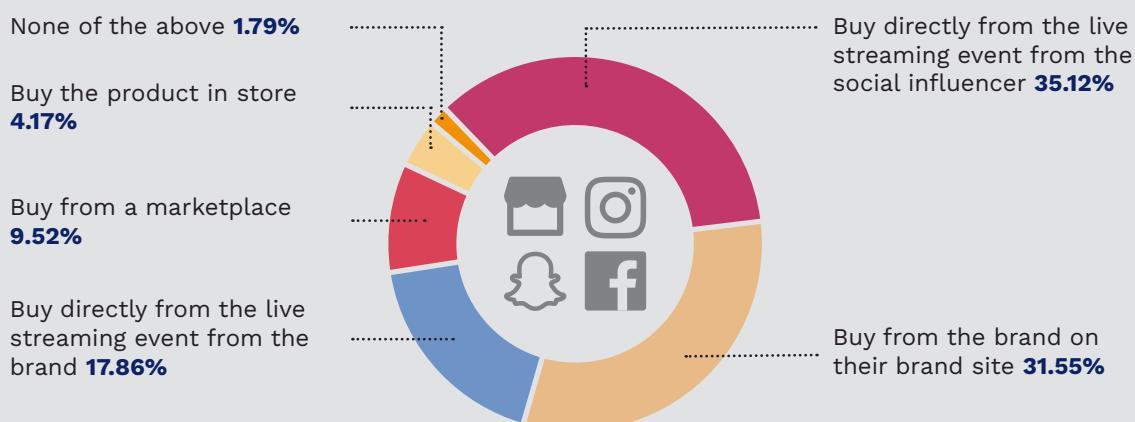
The pattern we are seeing in all of our research, however, does continue for checkout, as **70%** of the older generations say their preference is for checking out on the brand site and not the social network when shopping on social media.

### **The Rest : When shopping using social media, which do you prefer?**



An interesting twist for Gen X and beyond is that they demonstrate higher rates of trust related to purchasing directly from influencers (**35%**) during a livestream; however, the stated preference is still to purchase directly from the brand.

### **The Rest: How do you prefer to buy products featured in streaming events?**



# It's a Matter of Trust for all Demographics

## Gen Z - Poor Trust levels

Gen Z leads the way on social shopping: **62%** had made a purchase using social in some way in the last 90 days, and **80%** plan to use it for holiday shopping. They engage with social media more than any other demographic. So, brands and social networks need to take note of their experience and make sure they feel valued, as their opinion is the best indicator of how future consumer behavior will evolve.

Brands and social networks need to pay particular attention to the matter of trust and Gen Z. The latest results show that Gen Z demonstrates extremely low levels of trust when it comes to social networks, with **61%** saying they either don't trust the network or it somewhat abuses personal data. Their brand trust levels are also low, with **49%** indicating they either don't trust or that brands somewhat abuse personal data.

## The Rest - Poor Trust levels

For the older generations, the trust profile for social networks is similar, with **68%** saying they either don't trust the network or the network somewhat abuses personal data. Fortunately, their trust levels in the brand are healthier than Gen Z, with **52%** saying they either completely trust or trust brands not to abuse their personal data. A lower amount, **44%**, say they either don't trust the network or think the network would somewhat abuse personal data.

Clearly, even though the older demographics demonstrate higher trust in brands overall, the results show low levels of trust for both the network and the brand, and all need to work hard to gain their customers' trust and loyalty.

## Product Trust

Gen Zers are not fooled by marketing hype; they are the generation that has grown up against a background of fake news. To them, quality and authenticity matter the most. In our social returns research undertaken on June 22, when asked "*What makes you hesitate about buying directly on a social media platform?*" **62%** of Gen Z and Gen X respondents said that scams and product quality concerns are the major things they would change — demonstrating that poor trust not only exists at a network and brand level but also at a product level.

To attract this generation, brands need to be trustworthy and relevant. To build loyalty, brands must provide quality products and services and be clear about what they stand for. Increasingly, they must also provide opportunities for engagement and co-creation, as Gen Z shoppers are looking for experiences at higher levels.

Overall, social shoppers are seeking certainty that the brand is legitimate, the product is genuine, the website they end up on is not a scam, they will receive a quality product, and their personal data remains secure. Quite a list! A list that shows all parties still have a lot of work to do!

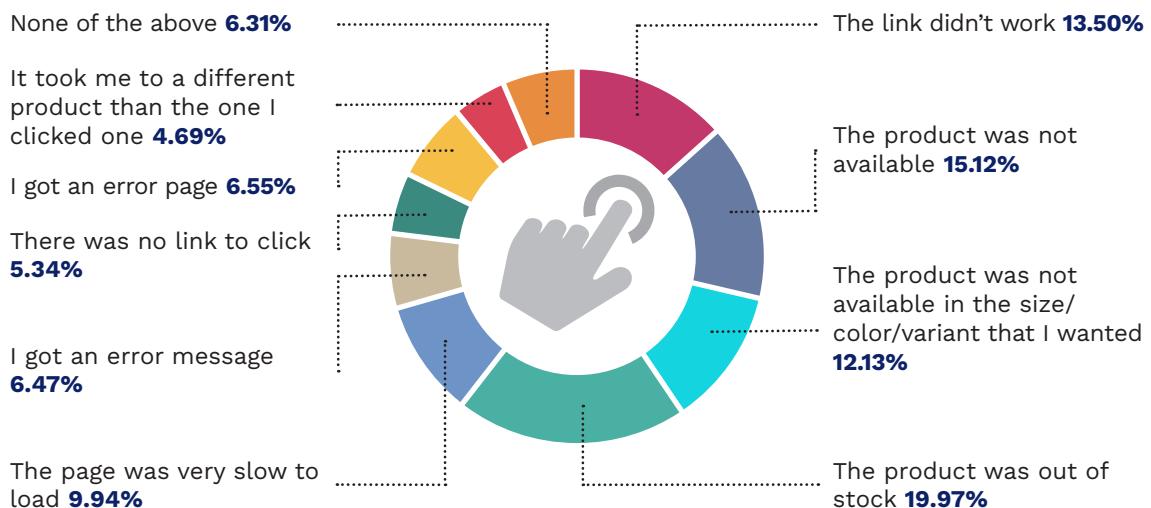
# Customer Experience – Don't lose out to poor customer experience

## Customer Experience frustrations Gen Z

As we know from our research, all demographics prefer to discover on social media and check out on the brand store. Hence, to understand the end-to-end experience, in the **State of Social Commerce 2022, Q3** edition we questioned the quality of the shopper experience as they stepped from the social network to the brand site. The results clearly show that some of the brand's hard work in attracting new customers to the website can quickly be undone by poor experience, and this is an area that needs to be monitored and optimized.

From our research, you can see that Gen Z has experienced the highest level of issues as they step from the social network to the brand site landing page.

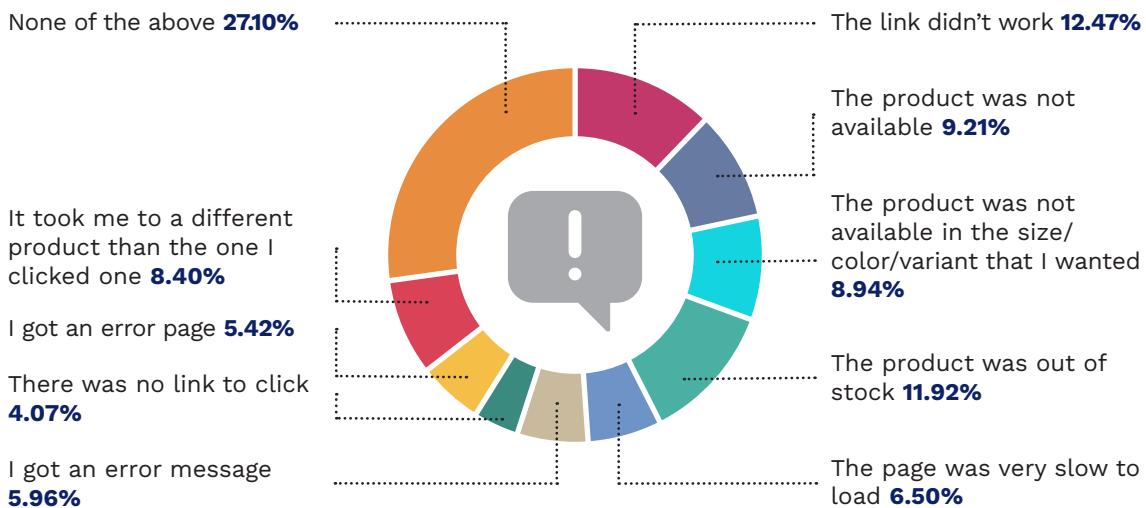
### GEN Z: When clicking through from social media to a brand's website, have you experienced any of these issues?



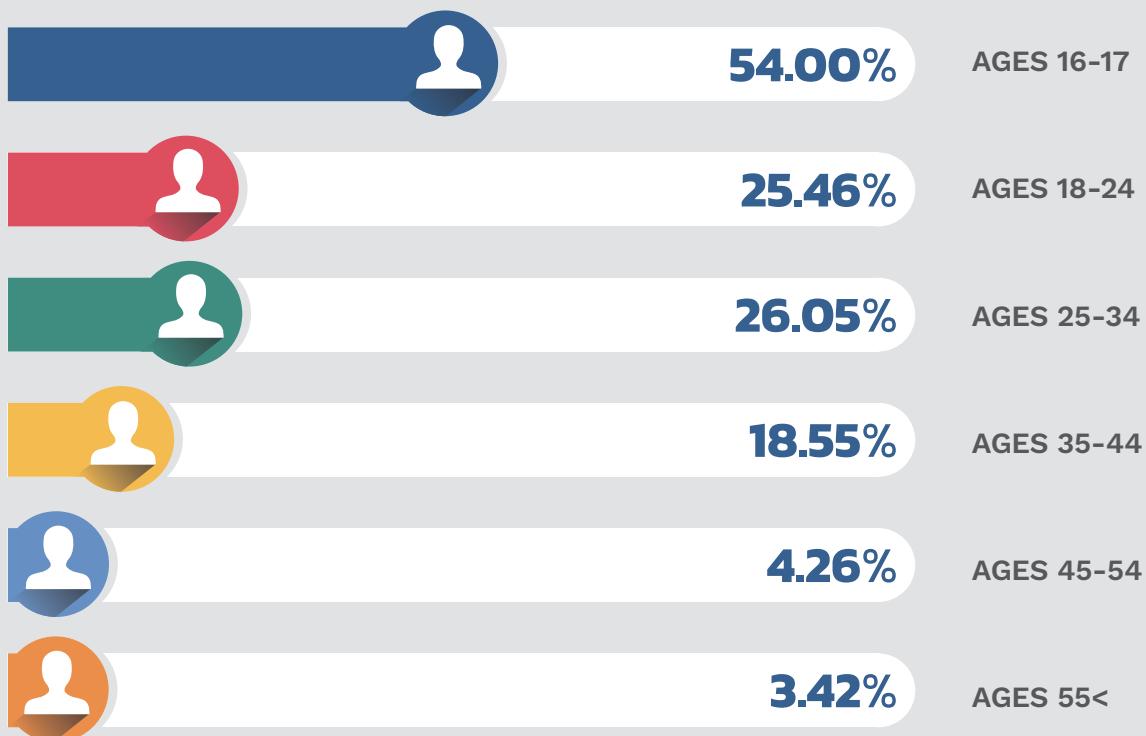
## Customer Experience Frustrations – the older generations

Again, the older demographics have experienced a wide number of frustrations as they stepped from the social network to the brand site but not at the same high level as Gen Z, most probably as the usage of social media is less.

### When clicking through from social media to a brand's website, have you experienced any of these issues?



When it comes to customer experience, the research reveals a fascinating trend. It shows that the importance of customer experience, as the key trigger in the buying process, declines as people age. Starting with **54%** for ages 16-17 and then dropping to a meager **3.42%** for ages 52 and above.



As the younger generations are the highest users of social media, surely this is a reflection on the poor experience that many networks/brands provide shoppers on social media.

# Summary of Key Results

This holiday season, Gen Zers stand alone in many of their views and preferences. They alone, according to the results of the **State of Social Commerce 2022, Q3** survey, want to shop more on social commerce. They already engage more in live shopping and predict they will continue to do so in the future. They experience more user frustration than any other group. And, across the board, they exhibit low trust.

The results, however, also show consensus in some important areas, most notably the desire for bargains and promotions this holiday season, the demand for authenticity and quality goods, and the wish to check out on the brand site at all times, even during a live shopping event.

## **So what do these results tell us about the future of social commerce and the more immediate holiday shopping season?**

Undoubtedly, Gen Z is leading the way with social shopping adoption this peak season. They are shaped by the environment that they find themselves in, super sharp when it comes to technology, and tireless in their pursuit of quality and meaning.

The pace at which Gen Z shoppers speed through social media networks and apps can make them a tricky group to target, so it is essential that once they discover your brand, the experience lives up to their high expectations. They are ruthless if a brand is found lacking, but according to The National Retail Federation, when they do provide feedback, they are twice as likely to share positive feedback as to complain.

Gen Zers may have little buying power today, but they are powerful influencers not just to their friends but also to the older generations who want to learn from them and keep up to date with new trends. Investing in making them feel valued and engaging them creatively in the channels they prefer is key to capturing their hearts and minds.

Brands have everything to gain this shopping season. The potential is there to impress and grow revenue if they can authentically engage. As a brand, though, be sure you are transparent and adhere to your brand promise across every touch point. And never forget the importance of delivering a great user experience and quality product too.

# Research Methodology

**Every quarter SimplicityDX surveys 500 US online shoppers.**

- Each shopper had made a purchase online in the last 90 days.
- This includes checking out on social media and clicking through to the brand site to shop and check out.
- The subset of social media shoppers was asked additional questions about their social shopping process.
- The sample was selected randomly and is broadly representative of U.S. online shoppers.
- We conduct a survey of 500 online shoppers every quarter. In the Q3 edition, we noticed the trend that Gen Z was shopping differently than the other age groups. As a result, we ran another study where we asked 500 online shoppers about their online purchasing behavior.
- This report takes the Gen Z dedicated study as the primary data and then contrasts it to the main **State of Social Commerce 2022, Q3** research.
- The two surveys had the same questions, were run within two weeks of one another, and are therefore comparable.
- **50%** had made a purchase using social media in the previous 90 days (**62%** for Gen Z).
- In both the Q3 edition of the **State of Social Commerce 2022, Q3** and the dedicated Gen Z survey, the topical questions relate to holiday season shopping plans.
- Gen Z in this research is defined as ages 16-24 who completed a purchase online in the last 90 days.

## SimplicityDX makes social commerce work

SimplicityDX Edge Experience Platform enables brands to optimize social commerce experiences by simplifying the buying process between journeys started at the edge and the brand's e-commerce site. Founded by a team of industry veterans in May 2021, SimplicityDX operates in the U.S. and U.K. markets.

For more information: [www.SimplicityDX.com](http://www.SimplicityDX.com).