



Deconstructing the next great jewellery-consuming generation

By Jonathan Kendall, President
CIBJO Marketing & Education Commission

In this report I wish to reiterate how absolutely critical it is that all of us understand Generation Z and the implications that this giant consumer group holds for our businesses and our industry. Many of you may remember that I dedicated last year's special report to

Gen Z, and I also have spoken at length about the topic in industry forums during the interim. So this is not so much a new topic, rather than one that I believe we have to place front and centre in our minds to achieve future success

Gen Z is coming to our markets very soon if it has not already arrived in reality. Its members are forecast to spend a whopping \$143 billion this year alone. So we better get them on our side if we want to enjoy a rosy future.



Jonathan Kendall, President of the CIBJO Marketing & Education Commission.

In fact, the future success of the jewellery industry will depend on our understanding the needs and wants of Generation Z. Get this right and we can all look forward to strong profitable years moving forward. Get it wrong and we could be destined for the scrap heap – not overnight maybe, but ultimately.

So what do we really understand about today's 15 to 25 year-olds?

Here are some facts to start your journey of discovery into the ways they think, what they do, what they want and much more. I cannot pretend to cover all the aspects of this new

generation, but my intention here is to open your minds to the opportunities that lie ahead.

SOCIAL MEDIA PLAYS A HUGE PART IN THEIR LIVES

Gen Z loves Instagram, WeChat, WhatsApp and many more applications. They allow its members to talk to a global community, like no generation has done before them. They compare products, experiences and opinions continuously.

On a daily basis on Instagram alone users publish over 95 million posts, and its users click more than 4.2 billion likes.

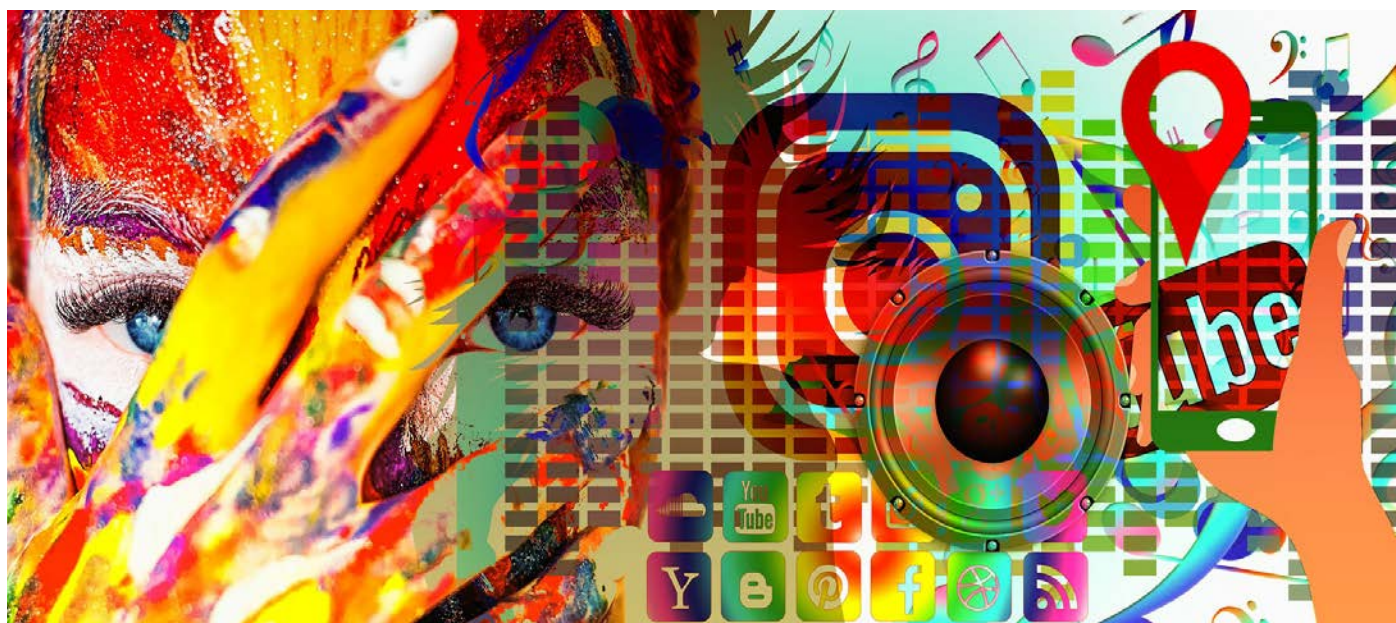
Just imagine the scale of this opportunity if your new product meets their aspirations and desires. Your audience and potential client base can literally escalate in minutes.

Let's take the travel industry as an example of a business sector where the impact has been fast, occasionally furious and sometimes devastating. Businesses that have been unable to adapt, find themselves being left behind in a very short period of time.

Gen Z are the most well-travelled group in history, with a real passion for seeing the world. Most of their trips are social media inspired, meaning marketing to them has to prioritise social media over old style methods, such as travel magazines.

Research suggests that more than 80 percent of trips are influenced by social media, with the sharing of images, links relating to accommodation, landmarks and more having a major effect on holiday choices.

Gen Z books late, usually fewer than three months before actually going away. This reflects the desire for spontaneity. For marketers, consequently, it's important to note how offers are pitched. Late deals, room upgrades, bonus tours and suchlike are likely to win over these Gen Z travellers.





The environment and particular climate change, is pegged as Generation Z's leading issue of concern.

And they are often looking for adventure, or so say one in every three Gen Zs. They seek local experiences, authenticity and they love unique things.

So, what can we in the jewellery world learn from this? Probably the single most important point is the power of the Internet and how we have to use it to communicate to our customers in a relevant and modern way. If we don't focus on social media, we simply won't have a future.

BUSINESS AND CAREER ASPIRATIONS

Gen Z really want to change the world. Around 40 percent would like to become entrepreneurs, and about half of these say they want to invent something that is revolutionary.

We all know starting businesses is tough, so an opportunity exists to support budding young entrepreneurs. Industries and companies should be considering providing social entrepreneurship programs which could offer mentorships, networking, community and technical support. Such ideas would certainly influence for the better Gen Z's perception of any business or brand.

The jewellery industry has a good record for supporting new designers and craftspeople, having hosted competitions and sponsorship programs for many years, giving them valuable experience that would help them launch their own businesses one day.

However, there is always far more we could do and its clear

these budding entrepreneurs would warm to more such activity. We need to encourage younger people to excel and, in so doing, bring into our ranks the new talent which is vital to a vibrant future.

THE ENVIRONMENT IS THE NUMBER ONE CONCERN

Second-hand shopping makes a lot of sense for sustainability minded, financially savvy Gen Z. One in three members of Gen Zs expect to buy second-hand clothes, shoes or accessories, which is some 46 percent up from the amount reported in 2017. They are buying and selling second-hand stuff on sites like Poshmark, Depop, StockX.

Demand for second-hand, driven by Gen Z is expected to push the resale sector to \$51 billion by 2023.

So, what is the appeal of second-hand?

The answer is simple. It's considered a sustainable way to keep up with trends. Climate change looms in their minds and they want products that reduce environmental impact.

Almost 70 percent of people in this generation consider sustainability to be an important factor in making a purchase. Eco-friendly products and brands are booming, and second-hand makes sense, because it involves reusing a product that otherwise may have been thrown away.

Using less stuff is preferable to recycling because it consumes far fewer resources. It is estimated that we would save 2.6 billion kilograms of carbon emissions, 95

billion gallons of water and 204 million kilograms of waste if everyone bought one used item instead of an equivalent new product this year. Gen Z's understanding of these facts means that the resale market will continue to surge.

As an industry we sit in a really positive place for reusing. But we need to market this aspect of our offering in a new way, so this generation will buy our products enthusiastically.

Reusing should be a strong part of a jeweller's offering, feeding into that desire to find ways of saving the planet. We should be reworking old jewellery to produce the most exquisite new pieces.

This is no longer about cheap-looking second-hand pawnshops. This is about a proud new marketing message from leading jewellers, stating that many of their fabulously designed new products incorporate second-hand elements.

AUTHENTICITY IS BIG

There's a real interest in dressing retro with authenticity. Fashion trends never die, they just hibernate for a few decades to re-emerge, more stylish than ever. But members of Gen Z ideally like to buy the real deal products from the original decade.

For the jewellery industry this again hands us a range of opportunities. Do the big brands and original pieces of decades past provide us with a major sales opportunity, whether as originals or copies? The answer is probably "yes,"

and this is certainly a concept to be tested at retail.

Authenticity is considered cool by about two thirds of the members of Generation Z. So the jewellery industry should be keeping authenticity at the heart of its product offering.

Jewellers and brands should consider collaborating with vintage brands to create retro products with a contemporary spin, and be sure to tell an authentic story. Or they should seek out bona fide vintage jewellery items, and offer them at their stores alongside new merchandise.

GENDER-AWARE AND GENDER NEUTRAL

Gen Z is most probably the most gender-aware and gender-diverse population in human history. A Pew Research Centre study conducted this year found that about 35 percent of Gen Z individuals polled said that they know someone who prefers that others use gender-neutral pronouns when referring to them.

The digital world has opened its eyes to differing points of view, attitudes and cultures. There is no "ideal," not for hairstyles, dressing, jewellery or anything.

Members of Gen Z don't want to be classified. They want to be fluid. One thing today, and tomorrow, maybe, something different.

Gender neutral products, campaigns, and spokespeople are becoming commonplace. Mac and NYX cosmetics, for example, now incorporate males in their advertising

What makes a great shopping experience for Generation Z?

It's actually the little things that make all the difference. Members of Gen Z may be a digitally immersed bunch, but they still enjoy Brick and Mortar shopping. They crave good old-fashioned customer service, and instantaneous and clear responses to their questions.

The training of retail staff must be the top priority for jewellers.

Sales staff must really talk with confidence about diamonds, pearls, metals, coloured gemstones, precious coral and responsible sourcing, which is why CIBJO will be releasing an updated edition of the *CIBJO Retailers Reference Guide* in 2020.

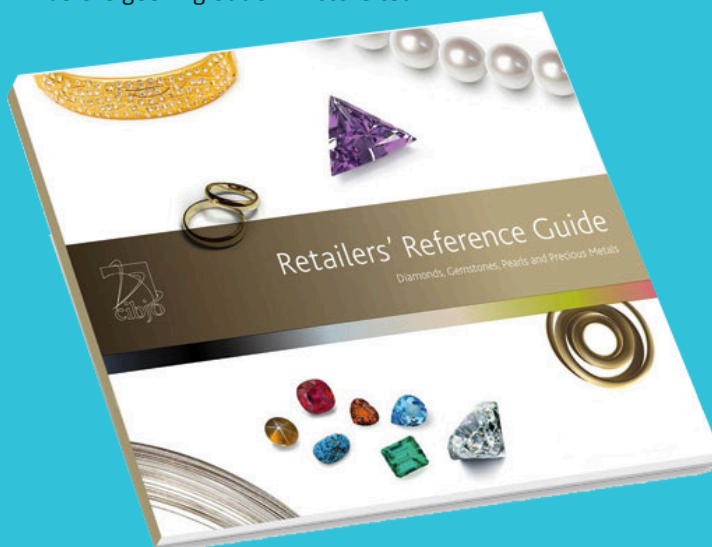
Knowledge is key to selling with confidence.

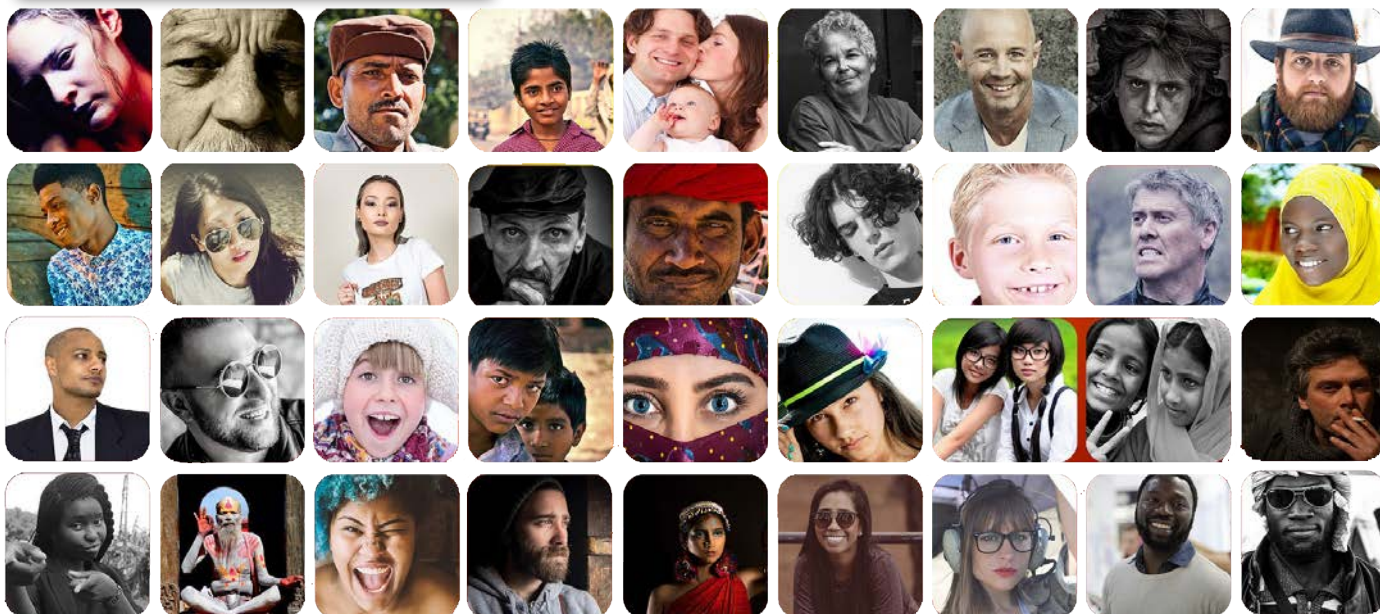
Members of Gen Z are most impressed by friendly staff that go out of their way to help and find what they need. Examples of great in-store behaviour and design were highlighted in recent research:

- Regulars in coffee shops love to be called by their first name and have their drinks ready without asking,
- Product expertise is highly regarded,
- And well organised easy-to-navigate stores are most

popular, as Gen Zs have notoriously short attention spans. They are not patient in a maze of displays.

These are all basics requirements, and easier to adopt before geeking out on in-store tech.





Members of Generation Z celebrate diversity, and are suspicious of representations of human perfection, which they consider artificial and inauthentic.

campaigns, realizing that marketing should appeal to people across the gender spectrum.

Brands like Fluide cosmetics founded by Laura Kraber were inspired by the activism of Gen Z with regards to LGBTQ and gender identity issues. Kraber says she wanted to create Fluide to represent and reflect the diverse identities of teenagers today, supporting their self-expression and offering an authentic, inclusive beauty brand.

Gender neutral clothing is on the rise. H&M, Sketchers, ASOS all acknowledge there is no single idea of fashion.

The jewellery industry needs to adapt. Take a step back from pieces for men or women. Who will be the first to design a perfect gender-neutral ring or necklace, which will be the iconic piece of the 2020s?

CELEBRATING DIVERSITY AND IMPERFECTION

We need to embrace authenticity and inclusivity through our marketing, including the models that we employ. We all need to update our marketing thinking and collateral.

Gen Z celebrate individuality and wants to engage in visual media as varied and diverse as the modern world.

Six out of 10 of its members say that they like seeing ads that show diverse families. They want to see people who look like them and their friends. They want to see real people in real situations in advertising.

Celebrate diversity in all its forms. Use models of different sizes, of different colours, with different physical features, different ages and wearing different clothes. The more you reflect the melting pot of life, the better.

And the models do not need to be perfect. Indeed, in general perfection is considered to be artificial.

'FRIENDLY' BRAND NAMES AND PERSONA

More and more companies are using human sounding brand names to appeal to Gen Z. Ollie is a fresh dog food delivery company, Billie a personal care brand, and Casper a sleeping product brand. These sound more like friends than do most classic brands.

Gen Z has little interest in the aspirational marketing of the past, rather preferring brands that are authentic, relatable and have a purpose. Its members seem to like brands that reflect their own persona. In advertising they want to see real life, and on social media they often prefer normal rather than famous.

Brands need to stand for something. Their intentions must be real.

WORD OF MOUTH IS IMPORTANT AND MORE SO REVIEWS

Members of Gen Z like recommendations from people they trust, and especially friends. Some luxury brands are using pop up stores to build brand familiarity and increase word of mouth marketing opportunities. Experimental retail is also great as people talk about what they've seen and experienced.

More than 80 percent of Gen Z customers read reviews before they buy products, and especially Gen Z women, where some 21 percent are reading more than 10 such reviews before buying.

So, an opportunity exists here for the jewellery industry. Since jewellery is often entwined with life's milestones, like graduation and marriage, getting Gen Z to share their experiences with friends is a huge opportunity.

With genuine opinions from the very people who your

clients identify with, you can build trust in your business very quickly.

GEN ZS ARE SOCIALLY CONSCIOUS

Social impact is very important to members of Gen Z. They expect you to do good things and support those in need in your local community. You must walk the talk and support the issues people care about, with climate change being at the top of the agenda.

Gen Z craves environmentally friendly products. Some 82 percent of its members are more likely to buy a product with good environmental credentials. What's more, Nielsen research shows that 77 percent are prepared to pay more for environmentally friendly products.

Almost one third of Gen Zs have boycotted a company they perceive as guilty of unsustainable practices.

They want to know who handled the product and how it was made. The pipeline to the market must be transparent.

THEY ARE FINANCIALLY SAVVY

Gen Z loves luxury as much as previous generations, but they are wary of buying on credit, having seen the disastrous impact this had on their parents. So, don't think that offering financing deals is the answer to boosting sales in the future.

They are more likely to save up for their next piece of jewellery rather than buying early on credit.

Gen Z is prepared to splurge but it must be worth it. The more added value the better, and that can come from its environmental credentials or its social value.

Gen Z understand money more than those before them thanks to the financial crisis of 2008. Businesses need to take this economic literacy seriously, to be trusted and build long-term relationships, particularly as the members of Gen Z mature, gaining more spending power.



AND FINALLY...

If you really want to keep up with this ever-changing world it might be best to have a 20 year old mentor. In today's disruptive environment turning mentoring upside down might be the one way to keep keep your finger on the pulse of the market.

And for the umpteenth time, do not discount the impact of climate change. It is quite rightly Gen Z's greatest concern. It is also an area where CIBJO can help, as we have since 2011 when we launched our Greenhouse Gas Initiative.

At the upcoming CIBJO Congress in Bahrain in November, we plan to present these challenges in greater detail.

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