



THE STATE OF CONSUMER SPENDING:

Gen Z Shoppers Demand Sustainable Retail



JANUARY 2020

In December 2019, First Insight surveyed consumers in the U.S. on how sustainable practices are impacting shopping habits and purchase decisions. The results point to the growing expectation for sustainable models, with Generation Z making more shopping decisions based on sustainable retail practices than even Millennials and Generation X. Baby Boomers overall were the least influenced by sustainability factors.

The study found that:

1. The vast majority of Generation Z shoppers prefer to buy sustainable brands, and they are most willing to spend 10 percent or more on sustainable products.
2. Generation Z and Millennials are the most likely to make purchase decisions based on values and principles (personal, social, and environmental).
3. Recommerce is growing in popularity as the majority of every generation shops secondary or used markets.
4. Every generation is buying from the secondary market more in-store versus online.
5. Younger generations including Generation Z and Millennials are most likely to purchase upcycled products.
6. Resale and consignment models are most popular with Generation Z, Millennials and Generation X.
7. Clothing swaps and peer-to-peer marketplaces are the least popular sustainable retail models for every generation.
8. Every generation ranks quality over environmental concern when asked why they shop sustainable brands.
9. Giving and receiving sustainable gifts ranked most important for Generation Z, and they also are most likely to return and exchange a gift that is not sustainable.
10. The majority of respondents across every generation expect retailers and brands to become more sustainable.

First Insight's findings are based on the results of a U.S. consumer study of a targeted sample of more than 1,000 respondents fielded in December 2019. The study was completed through proprietary sample sources among panels who participate in online surveys. Birth year ranges for each generation are as follows:

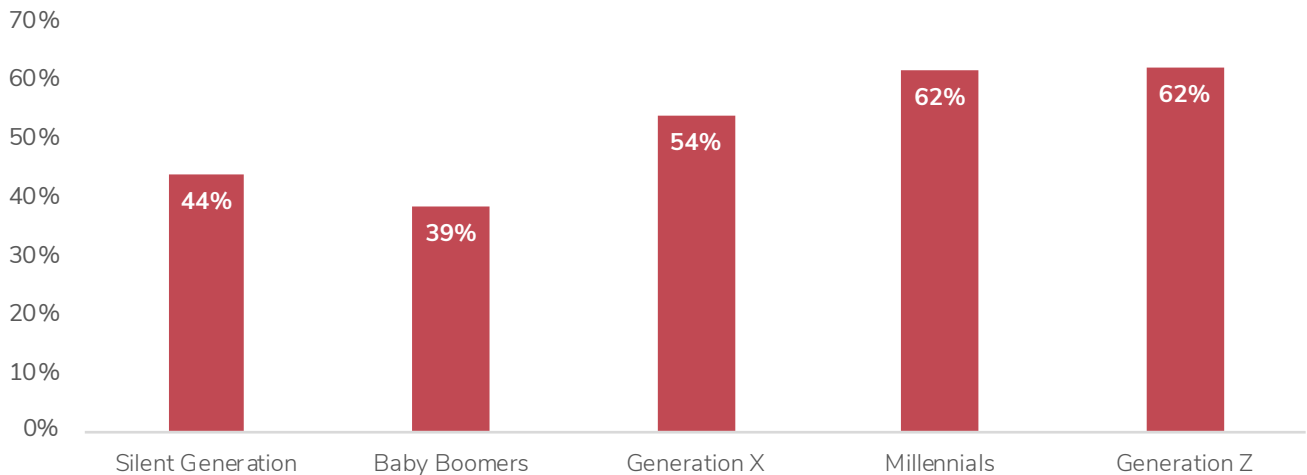
- Silent Generation (1928-1945)
- Baby Boomers (1946-1964)
- Generation X (1965-1979)
- Millennials (1980-1994)
- Generation Z (1995-2012)

First Insight is the world's leading digital product testing and decision-making platform that empowers retailers and brands to incorporate the Voice of the Customer into the design, pricing, planning, and marketing of new products. Through the use of online consumer engagement, the First Insight solution gathers real-time consumer data and applies predictive analytic models powered by machine learning and AI to create actionable insights, which drive measurable value. For more information, visit: www.firstinsight.com

GENERATION Z SHOPPERS PREFER SUSTAINABLE BRANDS AND WILL SPEND THE MOST ON SUSTAINABLE PRODUCTS

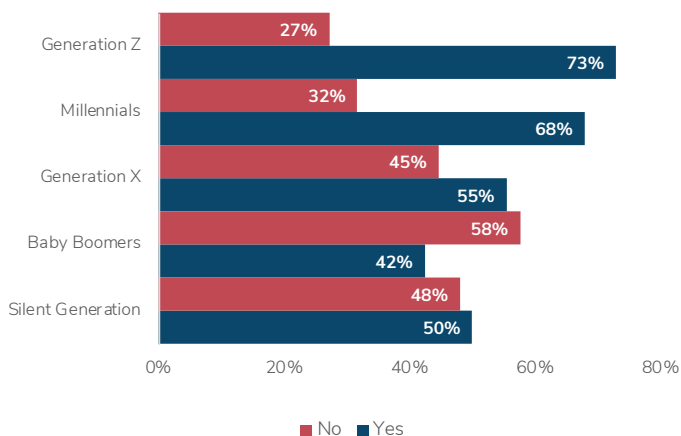
Sixty-two percent of Generation Z survey participants prefer to buy from sustainable brands, on par with Millennials, while 54 percent of Generation X and 44 percent of the Silent Generation say the same. However, only 39 percent of Baby Boomers agree, pointing to a vast divide between Baby Boomers and younger generations.

PREFER TO BUY FROM SUSTAINABLE BRANDS

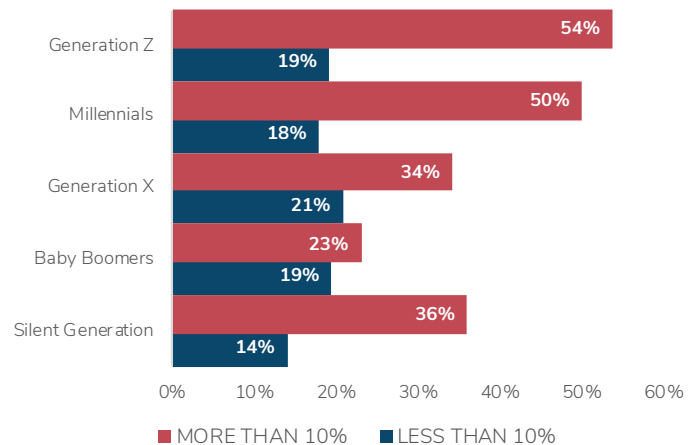


Generation Z is also the most willing to pay more for sustainable products (73 percent) compared to Millennials (68 percent), Generation X (55 percent) and Baby Boomers (42 percent). Half of the Silent Generation expressed this sentiment. The majority of Generation Z (54 percent) are willing to spend an additional 10 percent or more on sustainable products, versus 50 percent of Millennials, 34 percent of Generation X, 23 percent of Baby Boomers and 36 percent of the Silent Generation.

ARE YOU WILLING TO PAY MORE FOR SUSTAINABLE PRODUCTS?

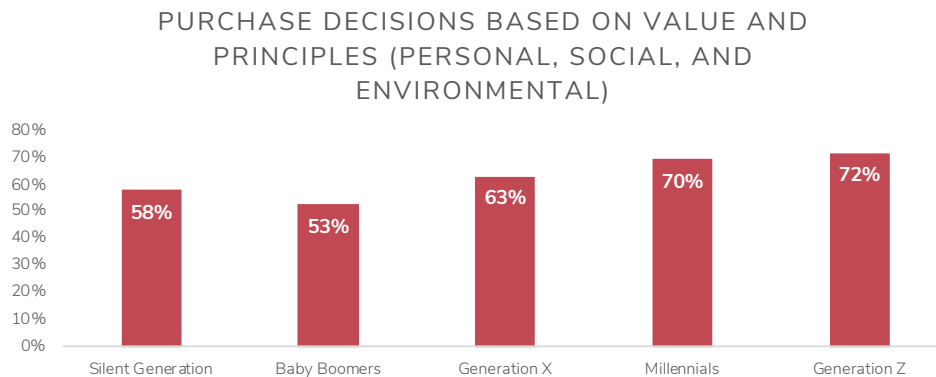


HOW MUCH MORE ARE YOU WILLING TO SPEND FOR SUSTAINABLE PRODUCTS?



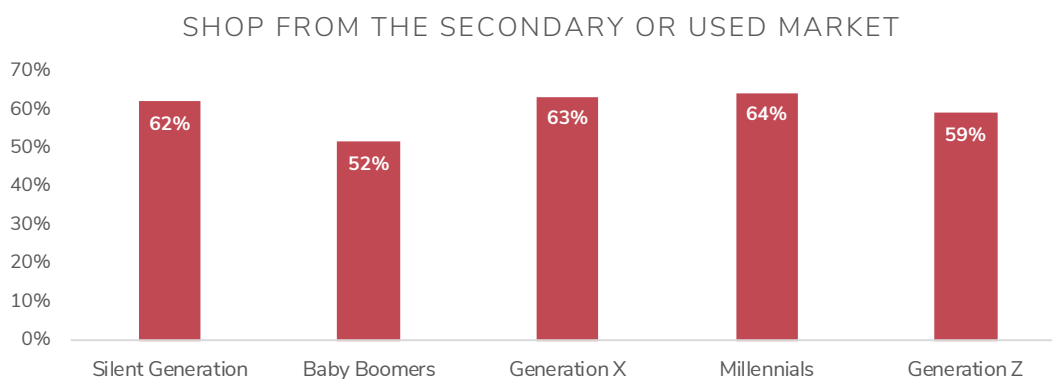
GENERATION Z AND MILLENNIALS MOST LIKELY TO MAKE PURCHASES BASED ON VALUES

It's not just about finding the lowest price anymore, as younger generations including Generation Z (72 percent) and Millennials (70 percent) are the most likely to make purchase decisions based on values and principles that are personal, social, and environmental. A lower 63 percent of Generation X, 53 percent of Baby Boomers and 58 percent of Silent Generations say the same.



RECOMMERCE MODELS ARE GROWING IN POPULARITY WITH THE MAJORITY OF EVERY GENERATION SHOPPING SECONDARY MARKETS

The majority of Generation Z (59 percent), Generation X (63 percent), Millennials (64 percent), the Silent Generation (62 percent), and even Baby Boomers (52 percent) state they shop the secondary markets, which include upcycled products, resale/consignment, clothing swaps and peer-to-peer marketplaces.



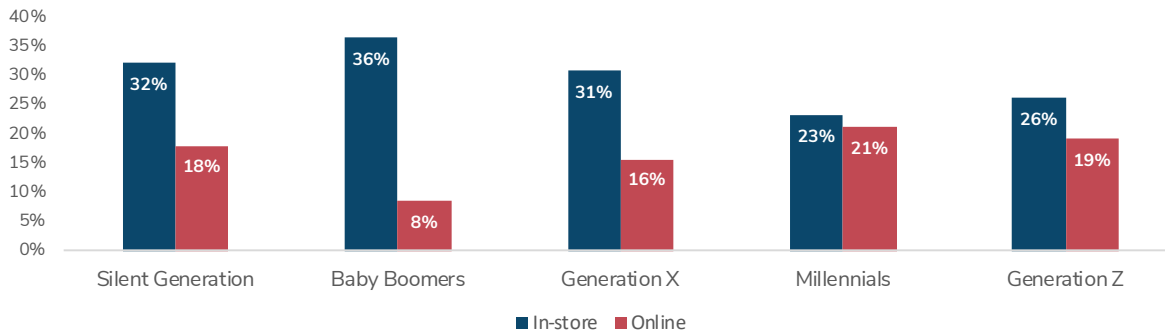
EVERY GENERATION IS PRIMARILY BUYING FROM THE SECONDARY OR USED MARKET MORE IN-STORE VERSUS ONLINE

When looking to purchase used items, the majority of shopping is still being done in-store versus online across every generation, with Baby Boomers (36 percent) shopping for used items in-store the most. While Millennials (23 percent) and Generation Z (26 percent) are shopping the secondary market in-store the least, they are still seen more there than online.

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(21 percent and 19 percent, respectively). Worth noting, Millennials (20 percent) and Generation X (17 percent) showed the highest number of respondents saying they do online and in-store shopping for secondary items equally.

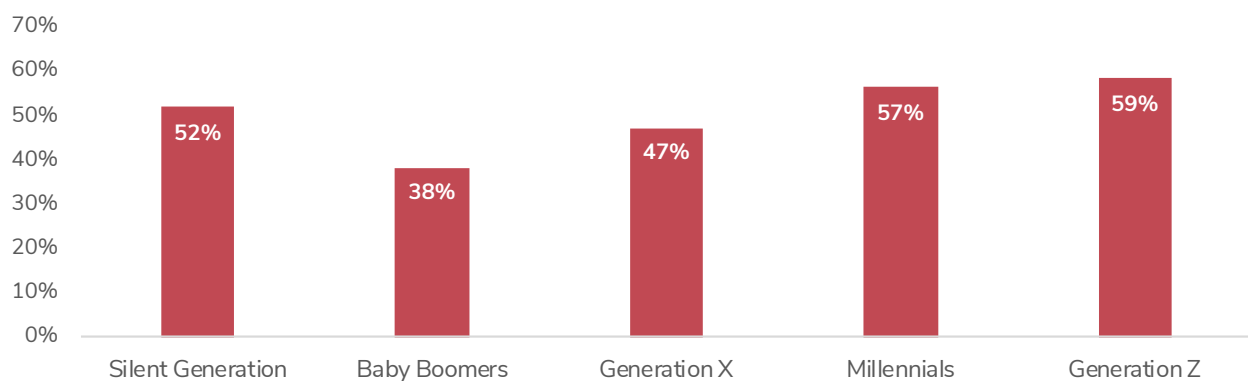
ARE YOU BUYING FROM THE SECONDARY OR USED MARKET MORE IN-STORE OR ONLINE?



UPCYCLED PRODUCTS THE MOST POPULAR RECOMMERCE MODEL WITH EVERY GENERATION; GEN Z AND MILLENNIALS BUYING THEM THE MOST

The majority of younger generations including Generation Z (59 percent) and Millennials (57 percent) would purchase upcycled products made of discarded objects or materials to create a product of higher quality or perceived value than the original, whereas fewer members of Generation X (47 percent) and Baby Boomers (38 percent) say the same. Interestingly, the Silent Generation embraces upcycling more than Baby Boomers, with 52 percent saying they would buy upcycled products.

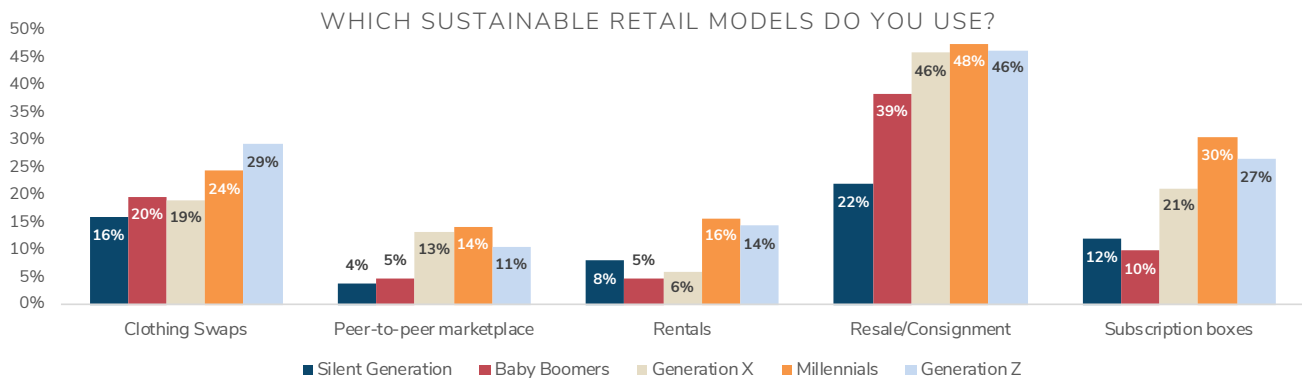
PURCHASE UPCYCLED PRODUCTS



RESALE/CONSIGNMENT MODELS MORE POPULAR WITH GENERATION X, MILLENNIALS AND GENERATION Z

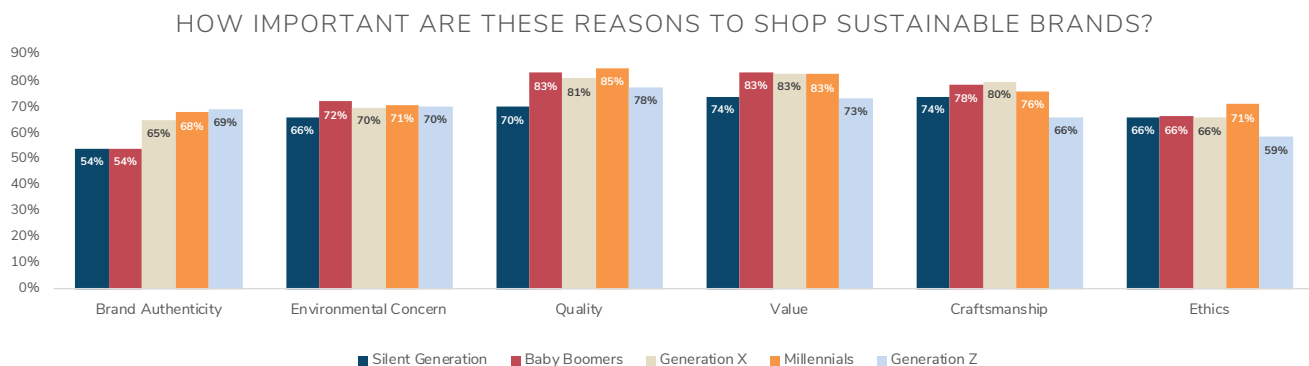
Resale and Consignment models like The RealReal, ThredUp, Poshmark, and Tradesy are reported as the second-most popular recommerce models with Generation Z (46 percent), and Millennial (48 percent), and Generation X (46 percent) reporting they use these services. Baby Boomers (39 percent) and the Silent Generation (22 percent) are using them less, but they are still more popular than other recommerce models.

While fairly popular with Millennials (24) and Generation Z (29), clothing swaps like Storr are less popular than other recommerce models overall. Further, less than 20 percent of all generations reported using peer-to-peer marketplaces and rentals like Rent the Runway.



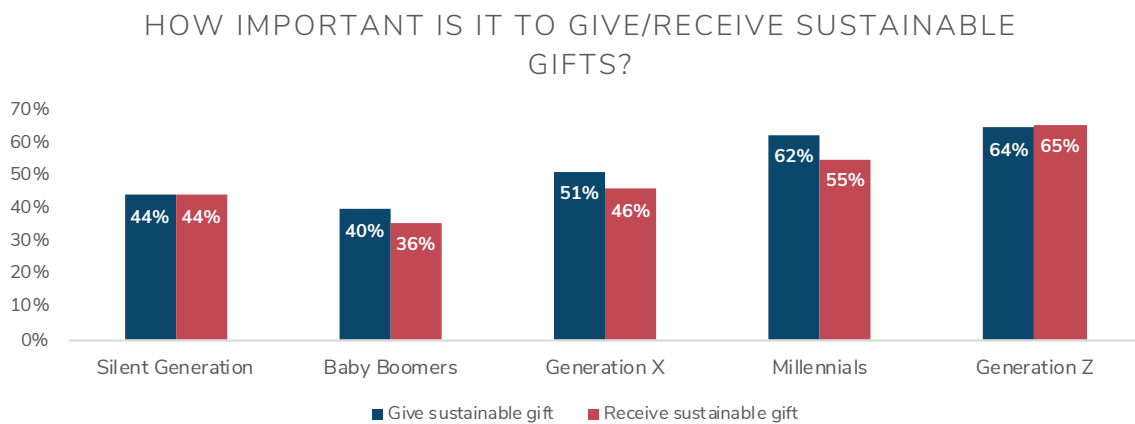
ALL GENERATIONS RANK QUALITY OVER ENVIRONMENTAL CONCERNS AS REASONS THEY SHOP SUSTAINABLE BRANDS

When asked why they shop sustainable brands, respondents rank quality higher than environmental concerns across every generation. Seventy-eight percent of Generation Z, 85 percent of Millennials, 81 percent of Generation X, 83 percent of Baby Boomers and 70 percent of the Silent Generation rate it as important. Environmental concerns rank much lower, with only 70 percent of Generation Z, 71 percent of Millennials, 70 percent of Generation X, 72 percent of Baby Boomers and 66 percent of the Silent Generation respondents citing them as important.

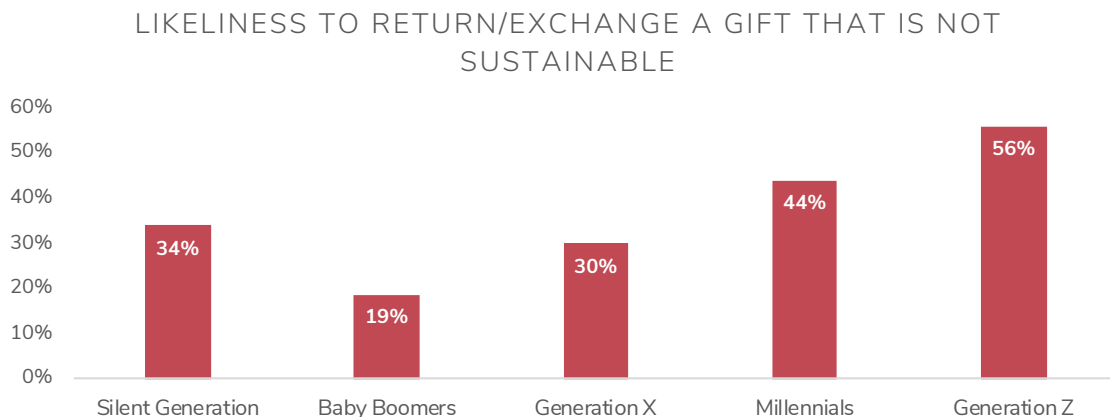


GIVING AND RECEIVING OF SUSTAINABLE GIFTS RANKS MOST IMPORTANT FOR GENERATION Z

The vast majority of Generation Z believe giving and receiving sustainable gifts to be somewhat or very important (64 percent and 65 percent respectively), with the majority of Millennials (62 percent and 55 percent) feeling the same. By comparison, older generations, including Generation X (51 percent and 46 percent), Baby Boomers (40 percent and 36 percent) and the Silent Generation (44 percent for both giving and receiving) report fewer than half of respondents feeling the same way.

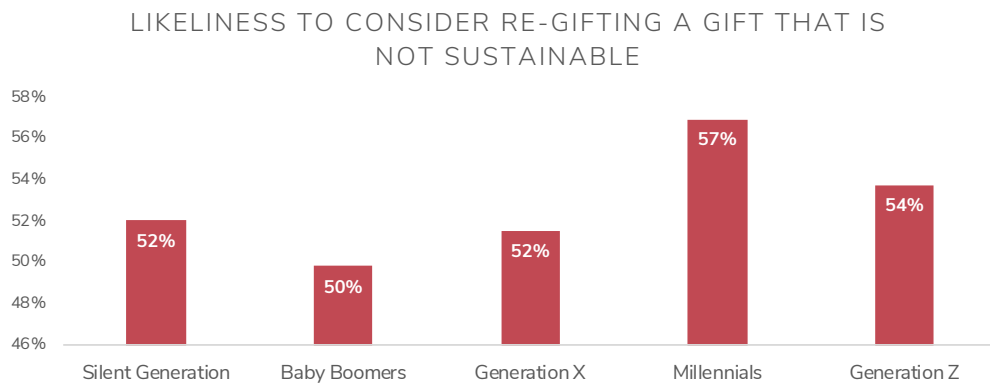


Of note, Generation Z is the most likely to return/exchange a gift that is not sustainable (56 percent) versus Millennials (44), Generation X (30), and Baby Boomers (19). Thirty-four percent of the Silent Generation respondents report the same.



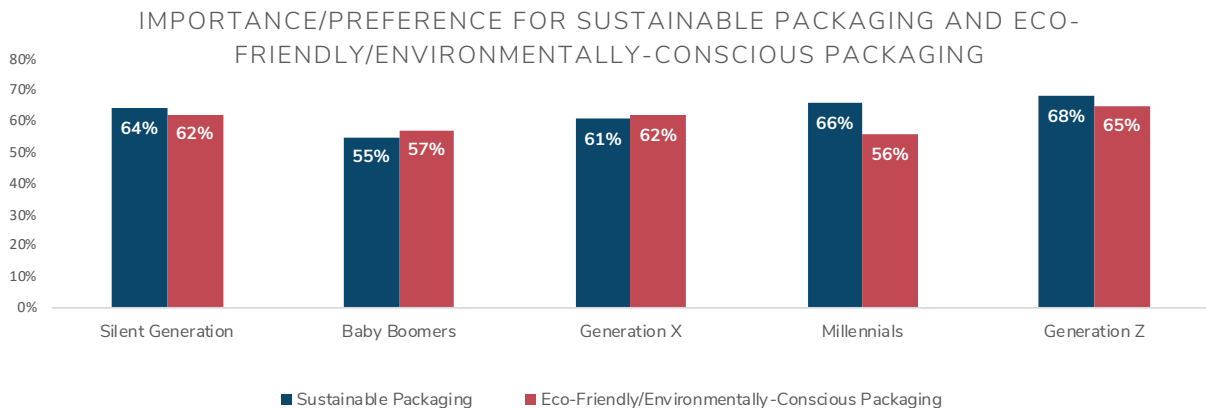
RE-GIFTING UNSUSTAINABLE GIFTS IS POSSIBLE WITH EVERY GENERATION

Fifty-four percent of Generation Z, 57 percent of Millennials, 52 percent of Generation X, 50 percent of Baby Boomers and 52 percent of Silent Generation respondents state they would consider re-gifting an unsustainable gift.

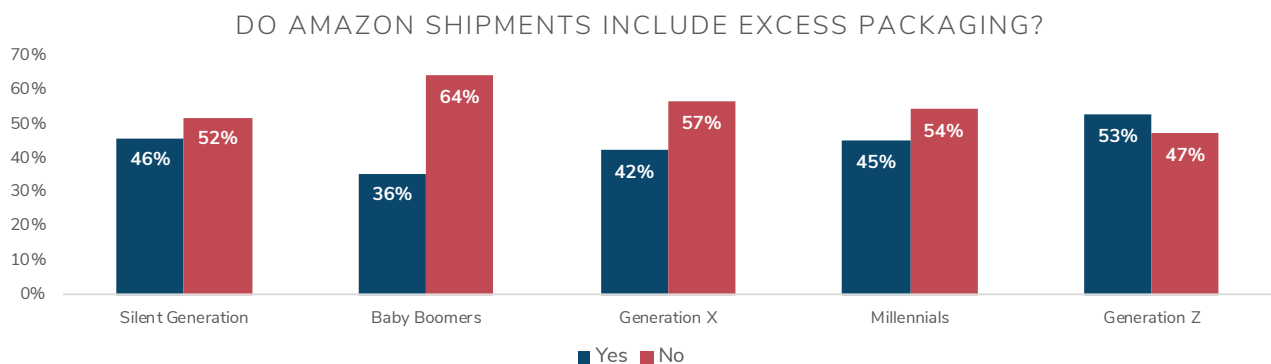


SUSTAINABLE PACKAGING IS IMPORTANT ACROSS GENERATIONS

The majority of respondents across generations consider sustainable packaging as important, with 68 percent of Generation Z, 66 percent of Millennials, 61 percent of Generation X, and 55 percent of Baby Boomers and 64 percent of Silent Generation respondents ranking it as important, with a similar number preferring it across generations.

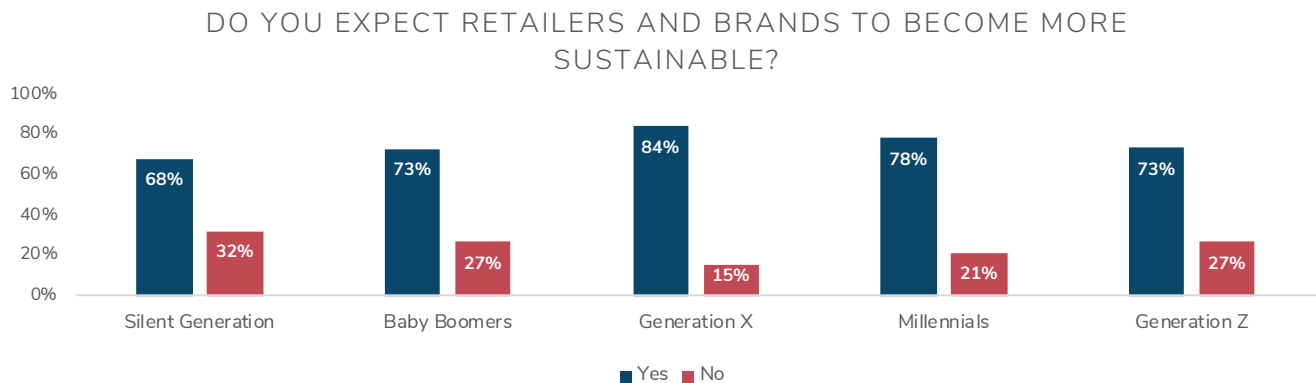


Worth noting, a majority of Generation Z (53 percent) respondents feel that Amazon includes excess packaging, compared to other generations.



EVERY GENERATION EXPECTS BRANDS TO BECOME MORE SUSTAINABLE

Respondents across generations expect retailers and brands to become more sustainable, according to 73 percent of Generation Z, 78 percent of Millennials, 84 percent of Generation X, 73 percent of Baby Boomers and 68 percent of the Silent Generation.



CONCLUSION

First Insight surveyed consumers in the U.S. on how sustainable practices are impacting shopping habits and purchase decisions. The new study reveals the growing expectation for sustainable models among younger Generations, particularly Generation Z, which is willing to buy more and spend more on sustainable products. With Generation Z on track to become the largest generation of consumers this year, retailers and brands must start supercharging sustainability practices now if they are to keep pace with expectations around sustainability for these next-generation consumers, whether it is through consignment, upcycling, or even gifting and packaging.

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ABOUT FIRST INSIGHT

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