

SPEND Z

Gen Z changes everything.



GLOBAL GEN Z SPENDING REPORT

NielsenIQ GfK

WORLD DATA LAB

GEN Z



Gen Z — or as its spending habits and patterns will show, “Spend Z” — is the generation to track today and for years to come. Almost 25% of the population, Gen Zers are a global force set to bring the most money to the consumer spending class by 2030. If you’re going to grow with Gen Z, you’re going to need a full view of what’s now and what’s next.

Table of Contents

05	Introduction Spend Z: Gen Z Changes Everything
07	Gen Z Decoded The Weight of Gen Z What Else Makes Gen Z Unique? What Values Matter Most to Gen Z? How Gen Z's Realities and Perceptions Influence Purchase
13	Gen Z Spending Priorities Near-Term Snapshot (0-2 Years) What Is Gen Z Buying? What's Fueling Gen Z Purchase Behaviors? Mid-Term Outlook (2-10 Years) New Life Stages and Their Impact Must-Have Products for Gen Z Long-Term Perspectives (10+ Years)
26	Five Strategic Considerations Gen Z Influence on Private Label Growth Gen Zers' Sphere of Influence on Household Purchases Gen Z Purchase Patterns vs. Other Generations Must-Leverage Marketing Channels Securing Lifelong Brand Loyalty
32	The Big Takeaway for Brands and Retailers

A WELCOME NOTE FROM:



Thank you for the opportunity to share *Spend Z: A Global Report* with you. We know that, like Gen Z, your attention is pulled in multiple directions. We're confident that this first-of-its-kind report, a collaborative effort between NielsenIQ, GfK, and World Data Lab (WDL), will be well worth your time. While you might think you know Gen Z – or as its spending habits will show, "Spend Z" – our comprehensive analysis reveals that there's much to learn about this growing consumer cohort.

With their spending power projected to grow to an estimated \$12T by 2030, Gen Z will have a significant influence on the products manufacturers and retailers sell in the near future, while emerging as a critical and largely untapped lever of growth. *Spend Z* is tailored to assist retailers and manufacturers in the consumer packaged goods (CPG) and tech and durables (T&D) industries in nurturing and maintaining loyalty among Gen Z consumers worldwide. From deciphering their digital behaviors to revealing their values and purchasing habits, *Spend Z* provides a comprehensive toolkit for forging meaningful connections with this influential demographic.

We believe that tapping into Gen Z's spending potential today will put your brands on a trajectory for future success. Our teams are passionate about this Gen Z study and welcome any questions you may have regarding the research or how to strategically engage with Gen Z. Together, let's uncover the insights that will propel your business forward in the era of "Spend Z."



Marta Cyhan Bowles

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Introduction

Spend Z: Gen Z Changes Everything

For decades, retailers and manufacturers alike have analyzed generational spending to uncover key insights into what (and how) consumers around the world purchase. Every generation is comprised of unique attributes and shared values, which, over time, translate into generational spending patterns that differ from prior generations. The study of these spending patterns assists organizations in pulling in new cohorts of customers while making proper downstream investments to build early loyalty – loyalty that could help sustain revenue today, tomorrow, and long into the future.

While both retailers and manufacturers say capturing down-market spend is a top priority, the vast majority of organizational resources are directed toward capturing today's dollars.

This study, a collaboration between NIQ, GfK and World Data Lab, will examine how to “unlock” future spending from what will be the largest – and wealthiest – generation in history: Gen Z.

Further, this study should serve as a guide to help retailers and manufacturers in the consumer packaged goods (CPG) and tech and durables (T&D) spaces build interest, foster engagement, and maintain loyalty from Gen Z by tapping into the spending potential of this highly nuanced generation – a spending potential forecasted to reach \$12 trillion USD by 2030.

To accomplish this task, C-suite executives (and their strategists) must be equipped with industry-leading, actionable data and insights that will grant them the confidence that their down-market investments in Gen Z (and other maturing generations) will result in sustained, incremental future revenue — notably, without sacrificing today's revenue opportunities.
Enter NIQ.



Meet GEN Z

To unlock spending from Gen Z, it's critical that we ground ourselves in who they are, where they're focused, what motivates them, their size today, and their size tomorrow.

Gen Z is roughly defined as anyone born between 1997 and 2012 (currently aged 12-27) — that is, after Millennials and before Gen Alpha. You've likely heard Gen Z's members described as obsessed with their phones, broke, and never leaving home, to name just a few common preconceived notions. The data tells a far more complex story, however – one that will dispel some myths and affirm some truths about this trending generation.

As an ever-increasing number of Gen Zers make their way into the consumer class,¹ this generation will play a critical role in the products manufacturers and retailers sell. Indeed, in the next decade, per capita **Gen Z spend will grow at a CAGR of 4.02 percent – at exactly twice the speed of previous generations.**

Why You Should Focus on Gen Z:

- It's the largest generation to date and will likely be the largest ever.
- It will be the wealthiest generation ever.
- It will have the fastest growth in spending power.
- It will overtake Boomer spend by 2029.

Those who want to capture Gen Z spend tomorrow must invest today.



¹ Consumer class is defined as anybody spending over \$12/day in 2017 (\$PPP) Purchase Power Parity.

Gen Z Decoded

Gen Z 'At-a-Glance'

- Gen Z is influencing household purchases at a disproportionate rate compared with previous generations, which translates to significant spending power.
- The economy is worrying members of Gen Z, and value is paramount when attempting to influence them to make purchasing decisions.
- There are "Say-Do" consumption gaps between what Gen Zers claim they want and what they actually purchase.

Read on to further explore these attributes.

*The Largest
Generation
Ever: 2 Billion
Gen Zers*

25%

of the world's
population



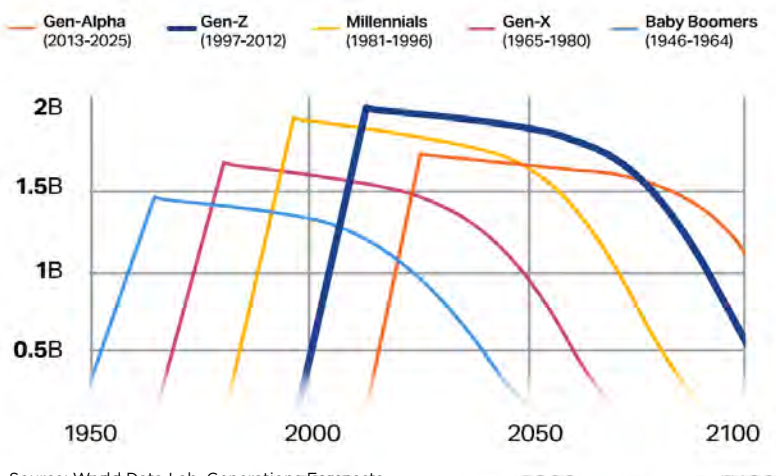
The Weight of Gen Z

Gen Z will be the largest, wealthiest, and highest-spending generational cohort in history.

World Data Lab research shows that Gen Z is the largest generation in history and will likely be the only generation ever to reach 2 billion people, or roughly a quarter of the total global population (Exhibit 1A). This statistic alone proves that this demographic is a force to be reckoned with.

Exhibit 1A

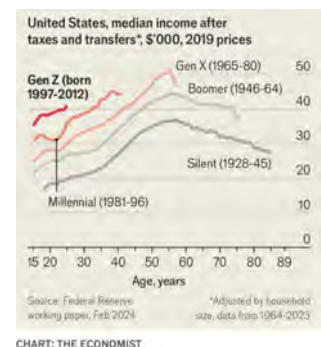
Gen Z is the largest generation that will ever exist



Gen Z is also unprecedentedly wealthy. The average American 25-year-old Gen Zer has an annual household income of over \$40,000, rendering them "better off" than Millennials were at the same age, and placing their income at 50+% above Baby Boomer income when Boomers were 25 years of age – after accounting for taxes, government transfers, and inflation (see Exhibit 1B).⁴³

Born 1997-2012

Exhibit 1B



But income doesn't equate to spending. So, what about global Gen Z spend?

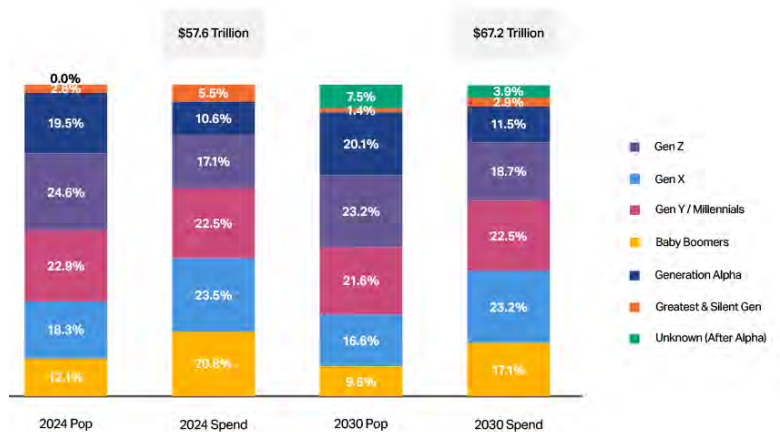
To get an accurate gauge on current Gen Z spending power, we leveraged Purchase Power Parity (in constant 2017 international dollars) to compare prior generations' spend at the same life stage of current-day Gen Zers. This allows us to standardize to 2017 prices, using an average consumer "basket" of goods to account for inflation. The result? Accurate comparability across countries, trended over time – providing precise economic forecasts and eliminating distortions from inflation and currency fluctuations.

Following this analysis, Gen Z also emerges "richer" than generations that preceded it – at the same life stage. When you couple this with the income advantages previously discussed, there's no question: Gen Z is the wealthiest generation to date.

Today, Gen Z accounts for approximately 17.1% of the total global spend of \$57.6 trillion USD. By 2030, that number will grow to 18.7%. Total global spend is also projected to increase by 2030 to \$67.2 trillion USD.

Exhibit 2

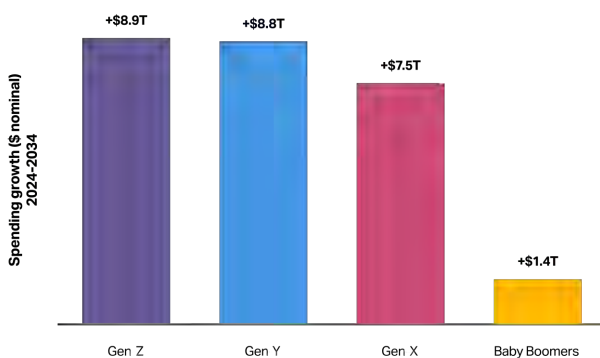
Generational population, spending and consumption – Global 2024 and 2030



Source: World Data Lab, Generations Forecasts

Exhibit 3

Gen Z is the generation growing the most



Source: World Data Lab, Generations Forecasts



Today

Total Gen Z spending will explode from **\$9.8 trillion USD** today ...

2030

... to **\$12.6 trillion USD** by 2030.

2034

By 2034, Gen Z will add almost **\$9 trillion USD** in spending globally, more than any other generation.

What Else Makes Gen Z Unique?

Gen Z is digital first, highly “non-Western,” and spans various life stages; in other words, this demographic is anything but a monolith.

Gen Z has never known a life without immediate, open access to information through technology, which makes it the first truly “digitally native” consumer cohort. This also makes it arguably the most globally influential generational cohort of all time. And, as we will explore later, **that influence directly shapes the consumption behaviors of other generations.**

Gen Z is currently straddling childhood and adulthood, so those at the top end are in their twenties and might be buying their first home or having their first child, while the youngest members are just finishing elementary school.

Understanding where Gen Z is currently positioned, from a life stage perspective, surfaces as critical because generations don't dictate spending, per se. Rather, life stage dictates spending for different cohorts within a generation. So, why not focus solely on life stages over generations – Gen Z or otherwise? Well, as consumers age within their generation, they move through the various life stages that dictate spend, but their consumer behaviors and preferences still broadly align to their generation's core beliefs, aspirations, and lifestyles. Studying and understanding Gen Z's preferences equips us with the foresight essential to delivering the products and services this ever-evolving generation will demand as its members advance through their life stages.

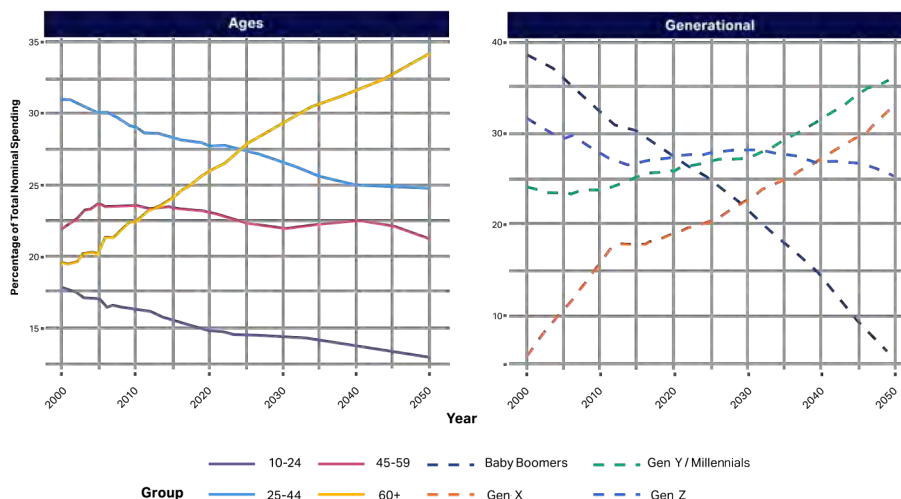


- *Largest generation ever*
- *Fastest-growing spend*
- *First truly digital natives*
- *Most globally influential*
- *Racially, ethnically diverse*
- *Majority non-Western*

Though Gen Z will have the fastest-growing spend (when compared to other generations), people aged 60+ will comprise the largest share of world spending.

Exhibit 4

Comparison of generational vs. age group spending (2000-2050)

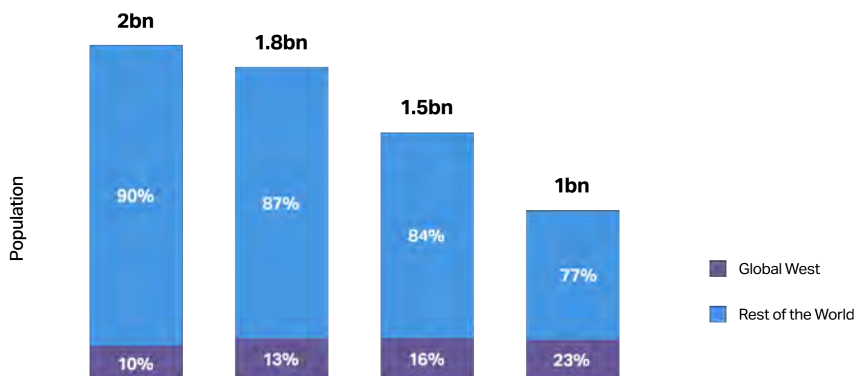


Source: World Data Lab, Generations Forecasts

Emerging markets play a disproportionate role among Gen Z consumers. Only 10 percent of Gen Zers are from North America or Europe (Exhibit 5), and only 44 percent of Gen Z's total spending comes from Western countries (North America and the EU), making it the first generation ever to have less than half its spend coming from Western nations.

Exhibit 5

Gen Z is the least Western generation



Source: World Data Lab, Generations Forecasts

The diversity of Gen Zers also comes through in their social and cultural values. Compared to Millennials,² 7.7 percent more Gen Zers identify with the LGBTQ+ community³, and in some countries, like the U.S., they are less likely to affiliate with established religions.⁴

What Values Matter Most to Gen Z?

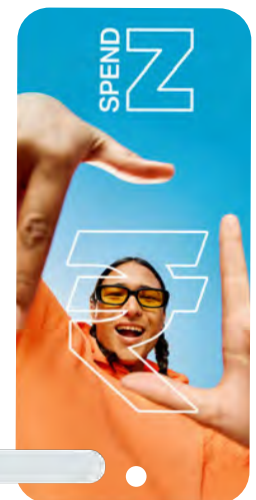
Authenticity is a top value for Gen Z.⁵ This is highlighted when we examine Gen Z's idea of celebrity – which has shifted from past generations, such that they are more interested in authentic relationships with social media influencers and brands than in traditional Hollywood celebrities. In fact, "Being true to yourself" is the No. 1 ranked description of success for Gen Z globally.⁶

Relationships also manifest differently for Gen Zers. Their digital connectedness lends itself to virtual engagement, sometimes at the cost of in-person relationships. This has led to increased rates of isolation/loneliness and the deprioritization of values like enduring love, romance, and sex.⁷ Because of this, belonging and self-esteem have also emerged as top values Gen Z prioritizes when seeking products from both manufacturers and retailers.

How Gen Z's Realities and Perceptions Influence Purchase

The weight of Gen Zers' concerns about the economy, climate change, and other global issues (combined with the far-reaching impact of social media) has resulted in a **reported** strong sense of identity that's highly linked to social causes and has left Gen Z to grapple with a profound sense of pessimism.

This advocacy doesn't always find its way into the generation's spend, however.



For instance, Gen Zers report being concerned about the climate and environmental justice (with 77 percent of Gen Zers saying they won't buy from countries with poor environmental standards), but their outsized consumption of fast fashion and the latest tech gadgets are at odds with these stated priorities⁸ – thus revealing a clear “Say-Do” consumption gap. More on this gap in a moment.

When it comes to Gen Z's perception of the economy, Gen Z has the “least positive outlook ... of any generation,” according to a survey by McKinsey.⁹

The global economy has been tenuous, and Gen Z's outlook reflects this. Four of the top five concerns for Gen Z in 2023 were economic.¹⁰ These fears are undoubtedly influenced by the COVID-19 pandemic, as many Gen Zers had someone in their household lose a job or take a pay cut.¹¹

What insights emerge when we overlay the macroeconomic influences on Gen Z with Gen Z's reported priorities and actual spending habits? **Phrased differently: How can we bridge the “Say-Do” gap to win future Gen Z spend?**

As we mentioned, Gen Z has a heightened awareness of “value,” and value is relative – for every generation. **Thus, the goal for retailers and manufacturers is to increase the perception of value for the products you sell.** How do you accomplish this task?

In our 2024 Global Consumer Outlook Report, we asked consumers (of all generations) what matters most to them when it comes to their purchasing habits. Unsurprisingly, affordability ranked first. However, keeping in mind that value is relative, we know this is not the full story. Product attributes become paramount to increasing this perception of value with consumers.

A single product attribute and/or claim that is “stacked” with claims perceived as highly valuable to consumers (e.g., hygiene, safety, and health-related claims) can raise consumers' perception of value more than attempts to win on a single attribute in isolation. Thus, the “stacking” of these attributes can provide a key advantage when attempting to bridge the “Say-Do” gap for Gen Zers.

To underscore this point, products with multiple (two or more) sustainability attributes saw a 2.5 times higher sales lift than products that carried only a single sustainability claim. What is perhaps even more compelling for organizations looking to gain incrementality with Gen Zers is that the **least commonly reported priorities – relative to product attribute claims (e.g., “carbon zero”) – saw the fastest growth when “stacked” with at least one additional claim.**

“Say-Do” consumption gap:

Say: 77% of Gen Zers say they won't buy from countries with poor environmental standards.

Do: buy fast fashion and the latest tech gadgets.

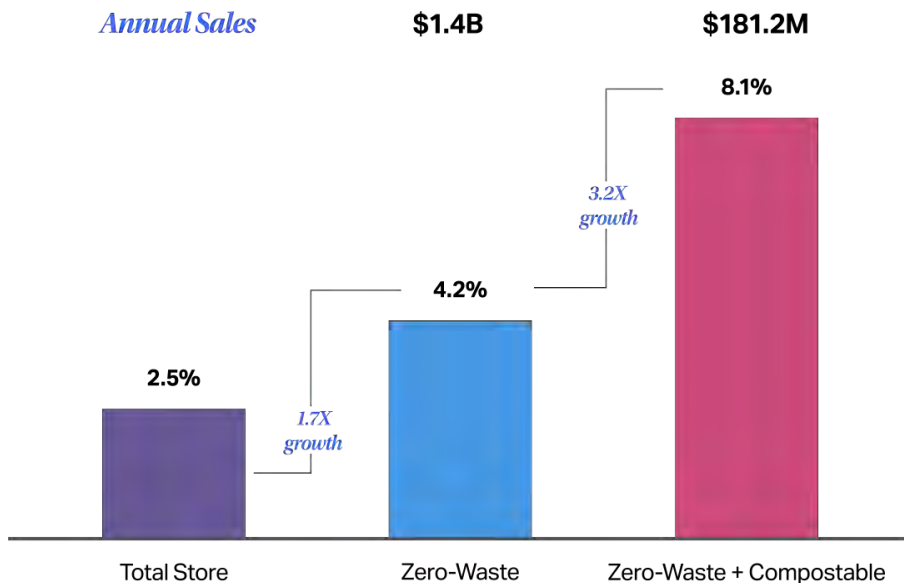
Bridging the Say-Do gap:



Stacking claims and/or attributes (two or more) increases the perception of value to consumers – a key advantage with Gen Zers.

Exhibit 6

U.S. CPG sales growth vs. a year ago



Source: NIQ Retail Measurement Services, NIQ Product Insight, powered by Label Insight, Total US xAOC; 52 weeks ended Feb. 24, 2024 vs. a year ago

When we layer this broader generational consumption data with what we know about Gen Z's spending priorities (e.g., we know that "[they] prefer to buy sustainable brands, and [they're] willing to spend 10 percent more on sustainable products"), we get a truly exciting opportunity for brands and retailers looking to grow revenue in the short-, mid-, and long-term.

Keep in mind that winning attributes will vary greatly across geographies and socio-economic cohorts within the global Gen Z population; language differences, lifestyles, cultural norms and preferences all shape value perceptions and have great potential to impact the reception of your product or brand.

There is no one-size-fits-all approach to driving value. However, to win future Gen Z dollars, you need to start investing in data that will drive innovation and set the stage for you to build the attribute stacks that will inspire future Gen Z spend.

Key executive takeaway

Invest in data that reveals the attributes Gen Zers are actually gravitating toward (e.g., cruelty-free, sustainable, etc.). Be cautious, however, that you aren't simply investing (or overinvesting) in attributes Gen Zers merely claim they are prioritizing. What they report and how they spend do not always align.



Gen Zers prefer to buy sustainable brands, and they're willing to spend 10% more on sustainable products.

Gen Z Spending Priorities

As with every other generation, Gen Z's spending priorities will continue to evolve over time. Manufacturers and retailers need to understand what is important to Gen Z today, as well as forecast what will matter to them in the future. Product and innovation pipelines depend upon accurate data forecasts to anticipate generational needs, so let's look at what the research reveals about the Gen Z opportunity today, in the mid-term, and for decades to come.

Near-Term Snapshot (0-2 Years): What (and How) Is Gen Z Buying Today?

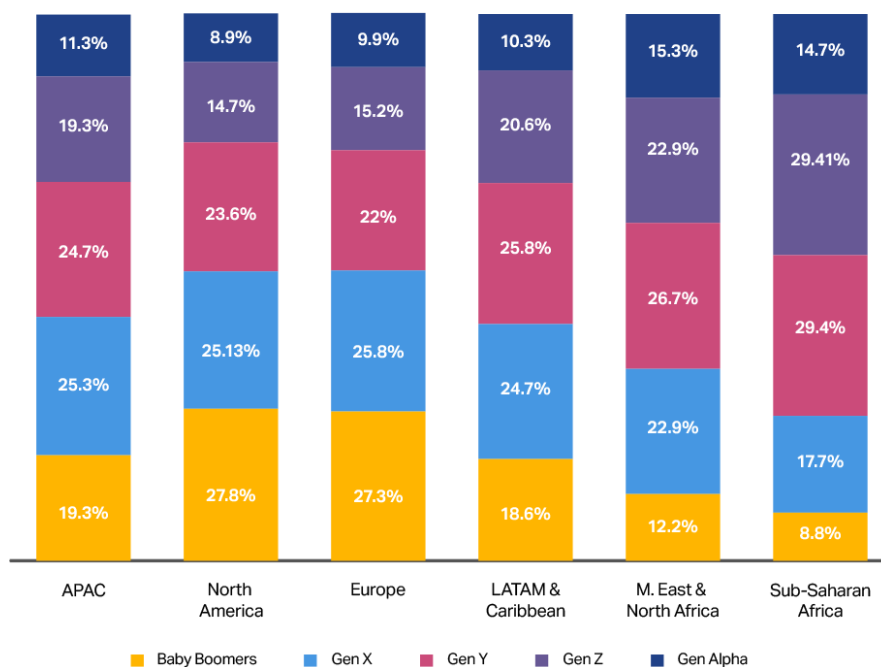
While Gen Z currently makes up one quarter of the global population, its spending in 2024 only accounted for 17.1 percent of total spend.¹² However, global trends don't translate to each region as vast differences exist in the generational compositions of countries. Gen Z currently has a more significant share of spend in Sub-Saharan Africa and countries like India, where it makes up a more substantial portion of the population (Exhibit 7). In both the near and mid-term, Europe and North America will continue to skew older relative to spend.

So, how many global dollars are on the table for retailers and manufacturers when it comes to Gen Z spending in 2024?
~\$9.8 trillion USD¹³



Exhibit 7

Consumer class spending total: 2024

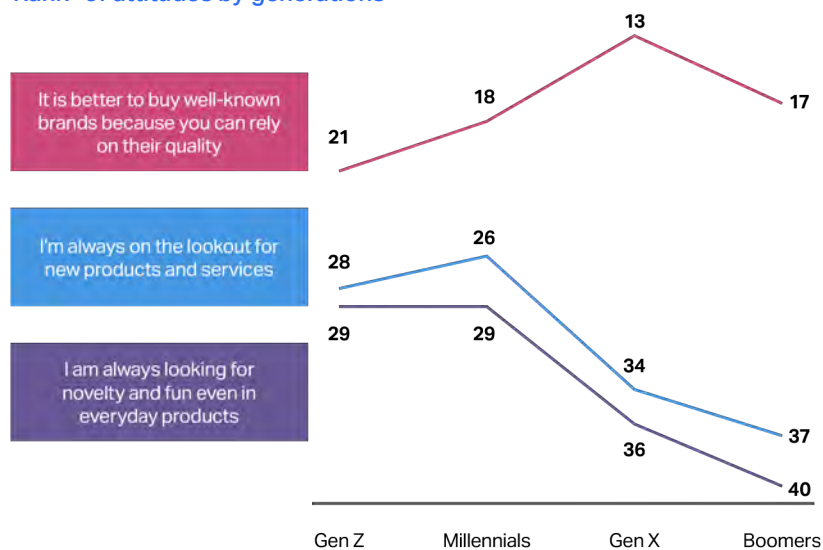


Source: World Data Lab, Generations Forecasts

Before we explore which categories Gen Z is most frequently buying today, we should note that “down-market” investment is critical for organizations looking to woo Gen Z in the mid- and long-term. If done correctly, retailers and brands can gain incrementality on the \$9.8 trillion USD spend of today while investing in the explosive spending growth of Gen Z tomorrow.

Exhibit 8

Rank* of attitudes by generations

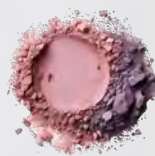
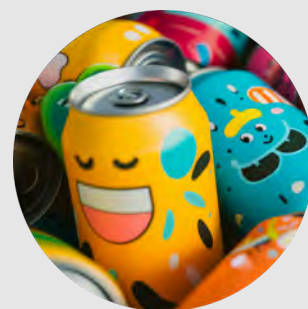


Gen Z is more prone to brand exploration, and they look for novelty and fun in everyday products.

Source: GfK Consumer Life Global 2023, E1/J1/M1 (global = 18 countries): *based on a list of 43 attitudinal statements.

Key executive takeaway

Ongoing engagement strategies should include both incremental and disruptive innovation for product “freshness” and playful – yet authentic – advertising campaigns that speak directly to Gen Z. Remember Gen Z’s values: value, quality, and authenticity.



Today, most Gen Zers begin their shopping journey online,¹⁴ highlighting just how important digital channels are for marketers looking to court their spend. Social media is a shopping destination for Gen Zers, with 53 percent saying they've used "buy" buttons on social media networks.¹⁵ Indeed, **Gen Z ranks online reviews from other shoppers as the most important factor when shopping**,¹⁶ with many of those reviews published directly on social media via influencer and peer posts.

One interesting insight is that although Gen Z consumers begin their shopping journey online and are heavily influenced by social media, their share of mass merch (in-store) dollars is higher than every other generation before them.¹⁷ Together, their in-store mass merch and grocery purchases make up almost 50 percent of their share of dollars, proving that brick-and-mortar shopping remains vital, and that Gen Z will be the purest "omni" shopping generation to date.



In-store
mass merch
and grocery
make up

50%

of dollar
share

53%

of Gen Zers say
they have used "buy"
buttons on social
media networks¹⁵



Key executive takeaway

There's never been a generation more worthy of omnichannel investment (and garnering the correct data to fuel your omni strategy) than Gen Z. They're digital, they're in-store, they're looking to social commerce, and they're direct-to-consumer. They're also informed and influential. You need to be everywhere to fully unlock Gen Z spend, and that means *your* spend has never had to work harder.

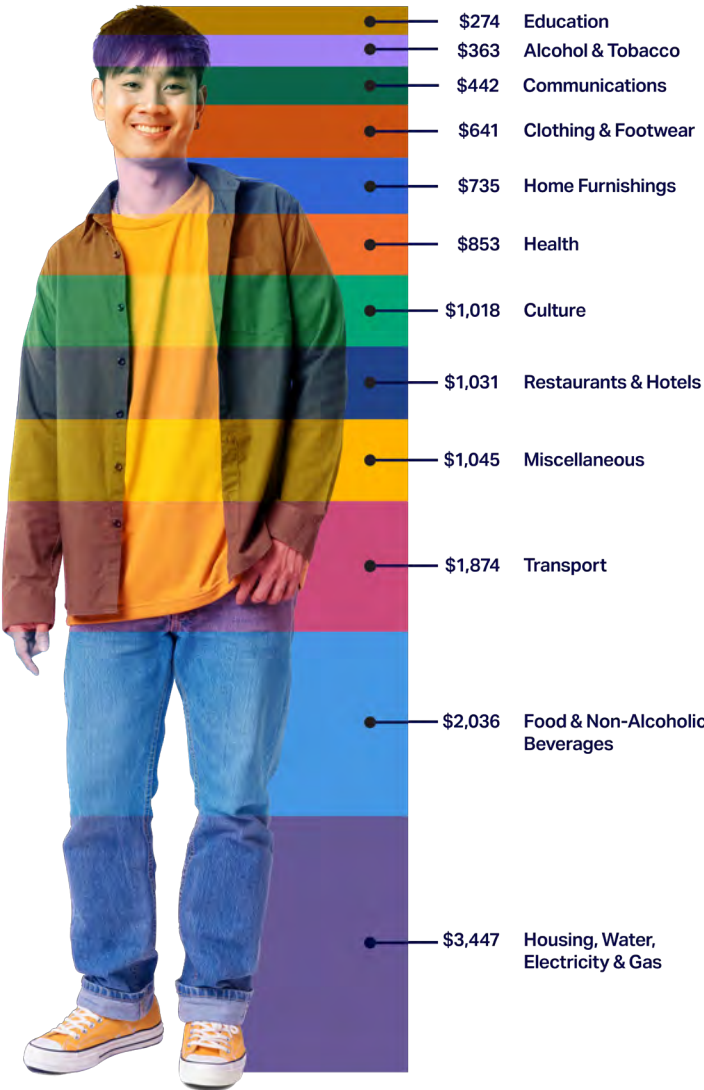
What Is Gen Z Buying?

To understand how Gen Z is purchasing today (particularly as it relates to other generations), we should start with what the average “world” consumer is spending in 2024 – at a category level, irrespective of generation.

A “world” consumer spends \$13.8k USD per year

Exhibit 9

Yearly per capita global spending in 2024 disaggregated into spending categories for the consumer class



Source: World Data Lab

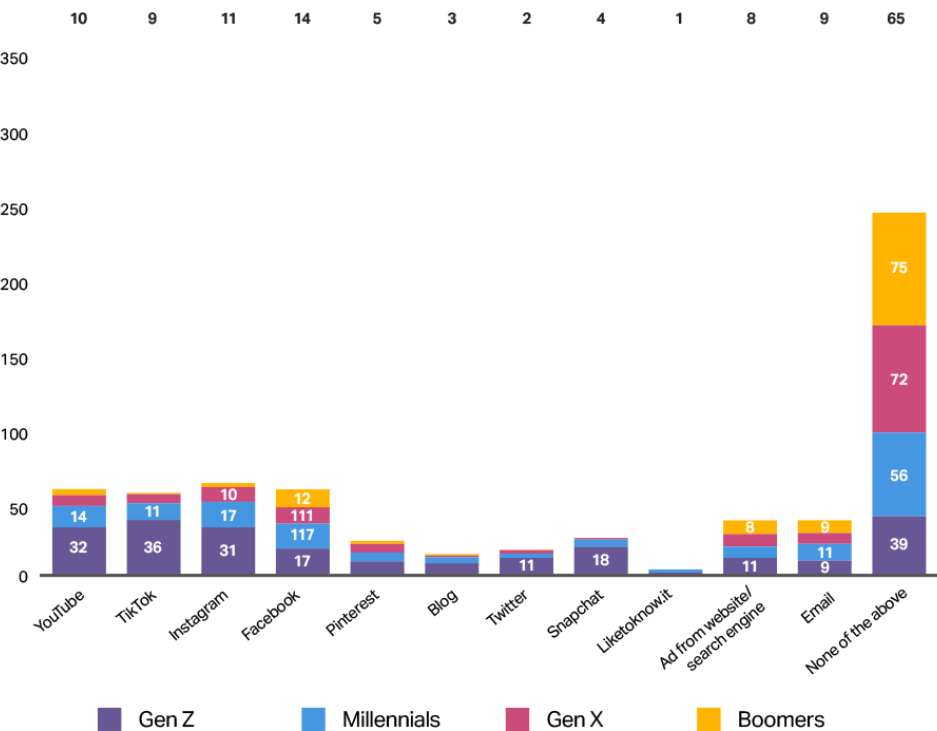
This begs the question:
How does Gen Z compare to the average “world” consumer’s spend?

For the purposes of illustration, we'll highlight U.S.-specific categories where Gen Z is over-indexing.

In the T&D space, Gen Z is spending more on electronics than on household appliances.¹⁸ Headphones/headsets and mobile computing are their most purchased categories, with a spend comparable to Millennials and Gen X.

On social media, health and beauty is the most popular category for Gen Z. This year, 81 percent of TikTok dollar sales are expected to come from health and beauty, solidifying it as a key Gen Z category for both brands and retailers.¹⁹ Below is an example of social media's outsized impact on Gen Z purchase decisions for beauty products compared to previous generations (Exhibit 10).

Exhibit 10
Beauty - social media purchasing by generation



Source: NIQ US Gen Z survey, Aug 2022, Q14

Other health and nutrition categories also matter a great deal to Gen Z, having a large impact on both T&D and CPG. T&D manufacturers and retailers should take note that over half of Gen Z has used a fitness or exercise app, and 17 percent have used a fitness band to track health and fitness information.²⁰ Despite their youth, members of Gen Z rank “good health” as No. 1 among the definitions of the “Good Life” and recognize that natural ingredients are healthier.



50+ %

of Gen Zers have used a fitness or exercise app, and ...

17%

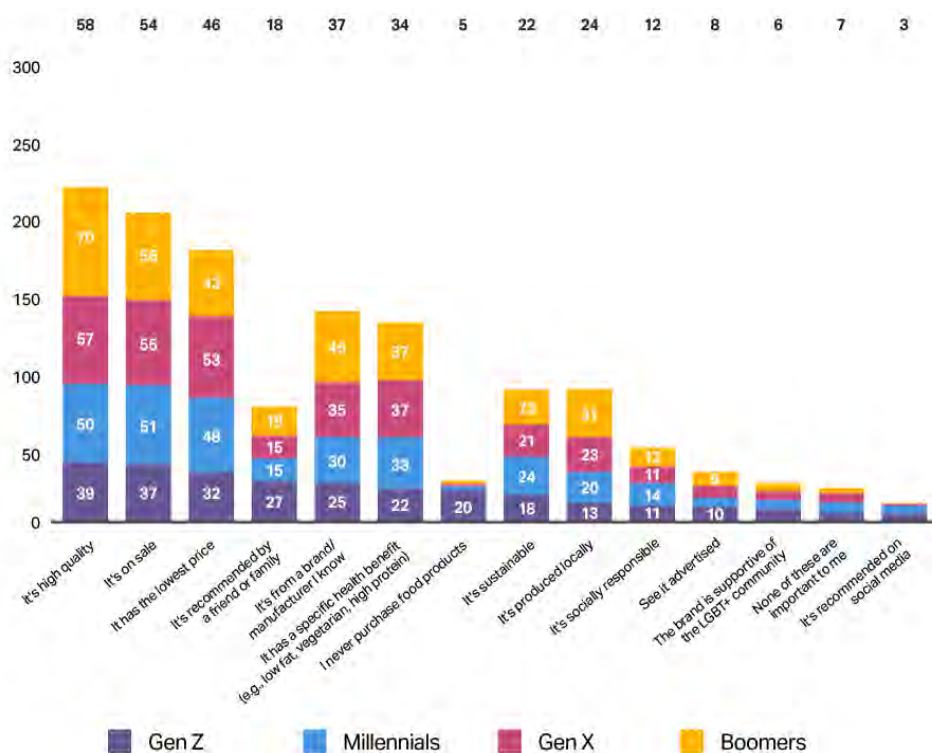
have used a fitness band to track health & fitness information²⁰

What's Fueling Gen Z Purchase Behaviors?

As mentioned, "the environment" matters to Gen Z, with sustainability falling under that banner. However, price and quality are more influential drivers of Gen Z's actual purchase decisions, as seen in our survey below on food purchase drivers (Exhibit 11). Their age and economic concerns are likely influencing the need for sale and "lowest price" products today, but as their economic outlook strengthens and more of Gen Z enters the workforce, these drivers will likely continue to evolve – making relevant product attributes increasingly important.

Exhibit 11

Purchase drivers by generation



Source: NIQ US Gen Z survey, Aug 2022, Q9



Mid-Term Outlook (2–10 Years): What (and How) Will Gen Z Purchase in the Near Future?

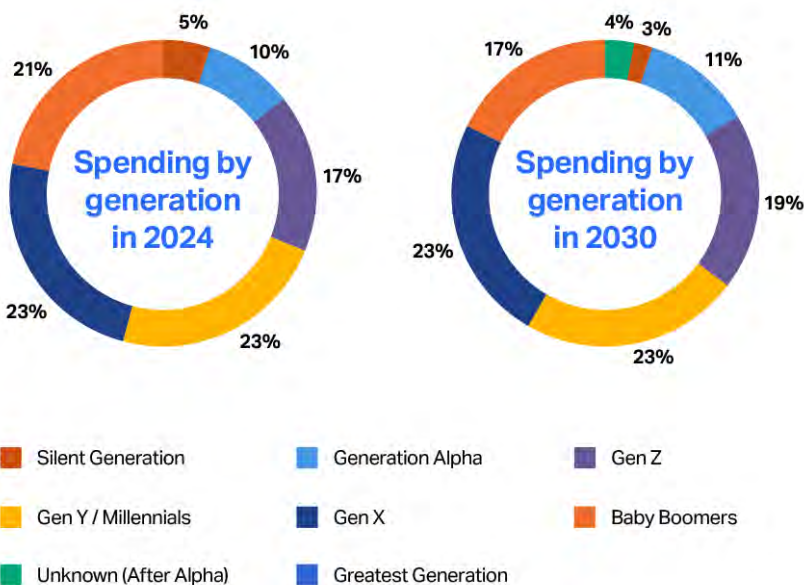
By 2030, Gen Z will account for 23.2 percent of the global population.²¹ That equates to 1.6 billion consumers spending an estimated \$12 trillion USD. Over the next six years, the per capita expenditure of Gen Z will grow the fastest (Exhibit 12). When they reach age 25, their mean and median spending per capita in the U.S. will outpace prior generations.²²

In addition, by 2030, Gen Z will contribute more wealthy people than Millennials to every region in the world – dispelling the often-asserted myth of Gen Z being the “most broke generation ever.”²³

And Gen Z will become the highest consumer spending class in many regions in 2030.

Exhibit 12

Gen Z is the fastest-growing generation and will spend at unprecedented rates



Source: World Data Lab Forecasts

Myth: “... most broke generation ever”²³



By 2030, Gen Z will account for 1.6 billion consumers spending an estimated \$12 trillion USD.²¹

Key executive takeaway

CPG and T&D manufacturers and retailers need to know which regions Gen Z will dominate by 2030 so they can adjust their innovation and marketing plans to cater to Gen Z spending potential appropriately.



*For simplicity, let's refer to Gen Z dominance in consumption (relative to other generations), by region, as "tipping points."**

**Where consumption equals dollar spend benefitting members of the Gen Z cohort (irrespective of the generation spending)*

To help organizations better understand how to make the adjustments in innovation and marketing plans (by region) as recommended herein, we partnered with World Data Lab to forecast each major region's Gen Z "tipping point".

For further clarity, relative to Gen Z consumption, we've specifically highlighted when Gen Z will overtake Boomer consumption for each prioritized region.

Of note: Due to the relatively high fertility rates in developing economies (and relatively low consumption allocated to adults), several regions have already reached their Gen Z/Boomer "tipping point," as a higher percentage of generational consumption is allocated to the young.

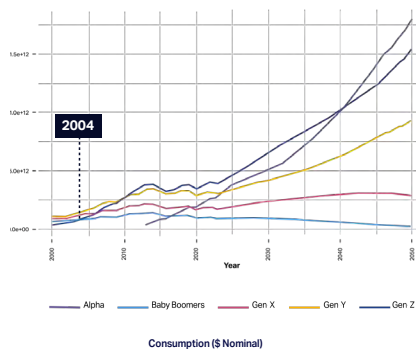
Exhibit 13

Regional Gen Z "tipping points"



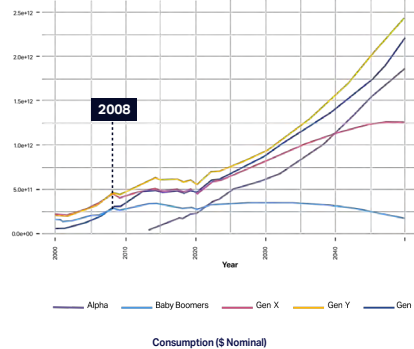
Sub-Saharan Africa Gen Z Tipping Point

Consumption by Generation in Sub-Saharan Africa



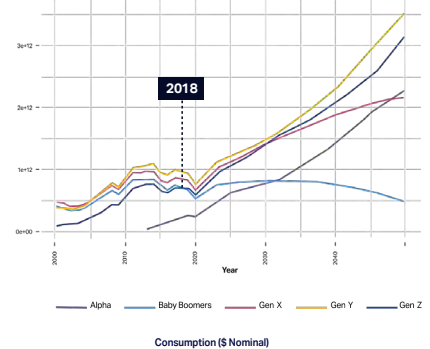
Middle East & North Africa Gen Z Tipping Point

Consumption by Generation in Middle East & North Africa



LATAM & Caribbean Gen Z Tipping Point

Consumption by Generation in LatAm & Caribbean

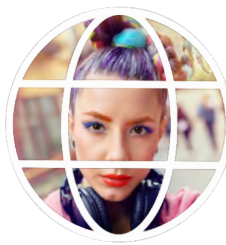
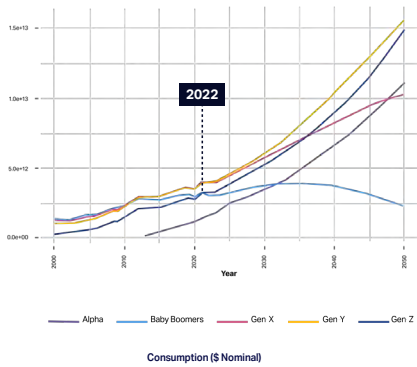


Source: World Data Lab, Generations Forecasts



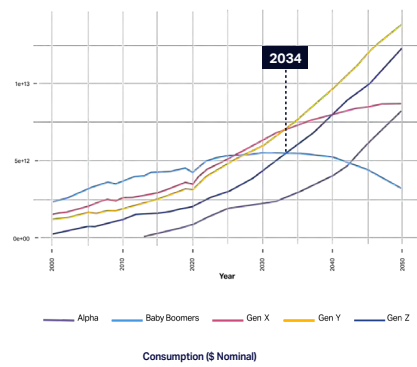
APAC Gen Z Tipping Point

Consumption by Generation in APAC



North America Gen Z Tipping Point

Consumption by Generation in North America



Europe Gen Z Tipping Point

Consumption by Generation in Europe

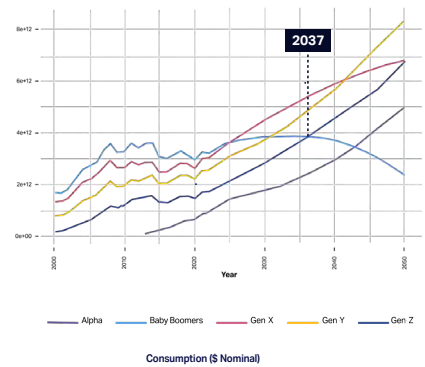
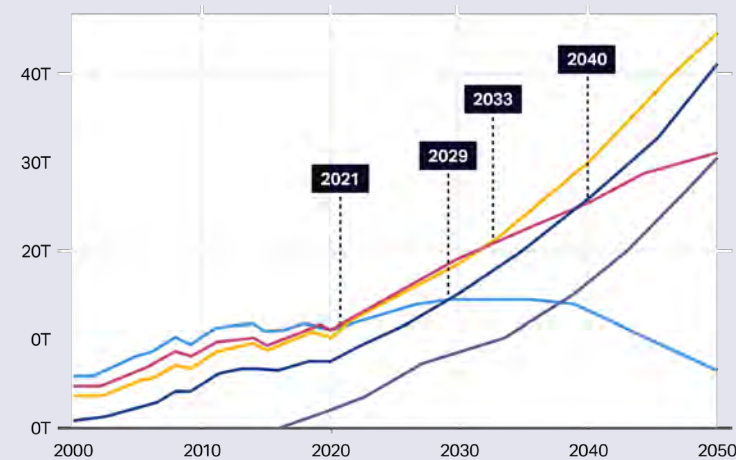


Exhibit 14

Global Gen Z "tipping points"



- Alpha (2013-2025)
- Baby Boomers (1946-1964)
- Gen X (1965-1980)
- Millennials (1981-1996)
- Gen Z (1997-2012)

2021
Gen X overtakes
Baby Boomers

2029
Gen Z overtakes
Baby Boomers

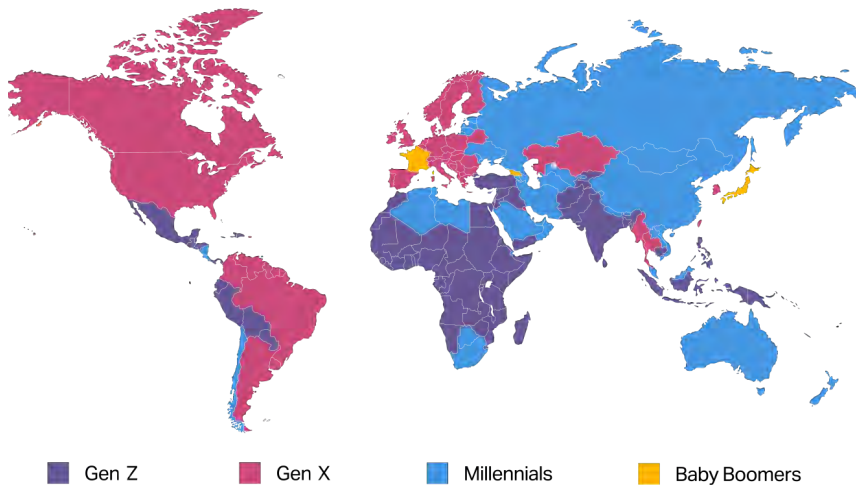
2033
Millennials overtakes
Gen X

2040
Gen Z overtakes
Gen X

Total

Exhibit 15

2030 in terms of highest consumer class spending



Source: World Data Lab, Generations Forecasts

The Impact of New Life Stages on Spending

As Gen Z's spending power increases, its members will move into and through new life stages. Ten years from now, the youngest members of Gen Z will be in their twenties. Historically, this is a time of firsts – marriage, buying a home, and raising children. However, as we saw with many Millennials who delayed marriage for careers, Gen Z's twenties may be very different than they were for Gen X or Boomers.

Gen Z is the first generation to have grown up in the "gig economy." As they enter the workforce, they are more likely than average to be employed in the informal economy (not taxed or monitored by the government) or to work freelance. Today, about half of Gen Z has a job, and the number of full-time Gen Zers in the workforce is about to surpass full-time Boomers.²⁴ By 2030, Gen Z will make up 30 percent of the global workforce.²⁵

Yet in the U.S., members of Gen Z are much less concerned with buying a home and having children.²⁶ Their top aspirations in life include earning substantial sums of money, having a fulfilling career, and global and domestic travel. **Manufacturers and retailers should consider these goals when planning targeted products and marketing campaigns in the mid-term.**

Another helpful way to anticipate Gen Z spending over the next 10 years is to look at its share of spending growth, worldwide, across categories (Exhibit 16). It's not surprising that education and transport resonate across the board, as many Gen Zers are expected to complete higher education degrees during this time and buy their own cars or utilize public transport.



Today Youngest Gen Zers
12+ years old

2029 Gen Z will overtake
Boomer spending

2030 Gen Zers will
make up 30%
of the global
workforce²⁵

Exhibit 16
Share of spending growth 2024/34 - Gen Z

	Brazil	Canada	China	Germany	France	United Kingdom	Indonesia	India	Nigeria	United States
alcohol	24.3	25.6	24.7	29.4	22.6	24.5	25.2	25.1	24.6	25.9
clothing	22.3	23.3	22.9	26.6	18.8	23.0	23.9	24.0	23.4	26.7
communication	21.1	22.4	22.3	23.9	18.3	21.6	24.2	24.2	24.4	24.9
education	22.5	24.6	23.9	29.2	17.9	25.1	25.3	25.5	25.7	30.1
food	20.2	21.3	21.5	23.0	17.7	20.3	22.8	22.8	22.4	22.6
furnishings	20.0	20.9	20.6	24.0	15.9	21.5	23.3	22.9	23.3	25.5
health	18.5	19.1	18.8	21.2	15.3	19.5	22.7	22.1	23.7	22.8
housing	20.4	21.4	21.3	24.3	17.3	21.6	23.5	23.2	23.2	25.0
misc	20.8	21.9	21.4	24.8	17.6	21.8	23.4	23.2	23.3	25.8
recreation	21.5	22.8	22.0	26.2	18.2	22.8	24.0	23.7	24.2	26.9
restaurants	21.6	23.1	22.6	25.7	18.4	22.6	24.2	24.1	24.5	26.8
transport	23.1	24.1	23.1	28.4	18.9	24.5	24.9	24.6	25.1	28.8



1 in 4

Gen Zers say animal-friendly manufacturing influences their purchasing decisions

But when we look at product category-specific growth, our data predicts that through 2034, the most dynamic demand growth among the Gen Z consumer class will be in the alcohol and health categories.²⁷

When examining this data, be careful not to conflate “healthcare” and “health-conscious” spending. As expected, healthcare spending is low for Gen Z, as they are currently relatively young.

When it comes to the health-conscious and sustainability-minded value system of Gen Z, we see no signs of slowdown in either the mid- or long-term, reinforcing our previous statement that it is a key growth area for manufacturers and retailers.

Even at their relatively young ages, 52 percent of Gen Z consumers already seek out nutrients and ingredients that keep them healthy. What’s more, 42 percent desire ingredients that are natural, not artificial. And 40 percent want products that are eco-friendly and sustainable.²⁸

With that data in mind, it’s no surprise that when purchasing beauty products, Gen Z is most looking for products that are clean, have natural fragrances, and are cruelty-free.²⁹ About 1 in 4 Gen Z members say that animal-friendly manufacturing influences their purchasing decisions.³⁰ These purchase sentiments are consistent in the food space, where Gen Z favors products that are free from artificial ingredients, low in sugar, natural, and high in protein.

Key executive takeaway

Investing in health and wellness-related attributes for Gen Z-targeted product innovation will continue to pay off for manufacturers and retailers looking to attract this cohort. Look to wellness-related attributes that are resonating outside of your product category to help inform new product innovation (or reformulations) in your category to quickly outpace your competition.

Must-Have Products for Gen Z

If we dig deeper, several product categories stand out for Gen Z growth over the mid-term (Exhibit 17). For example, Gen Z will shift more of their dollars toward products like facial skincare and probiotics as they move into adulthood. In addition, those who become parents will increase their spending on fruit snacks and yogurt.

By the numbers, fruit snacks will experience a total 1.1 percent compound annual growth rate (CAGR) over the next 10 years, **but Gen Z specifically will see a 25 percent CAGR for the category.**³¹

Exhibit 17

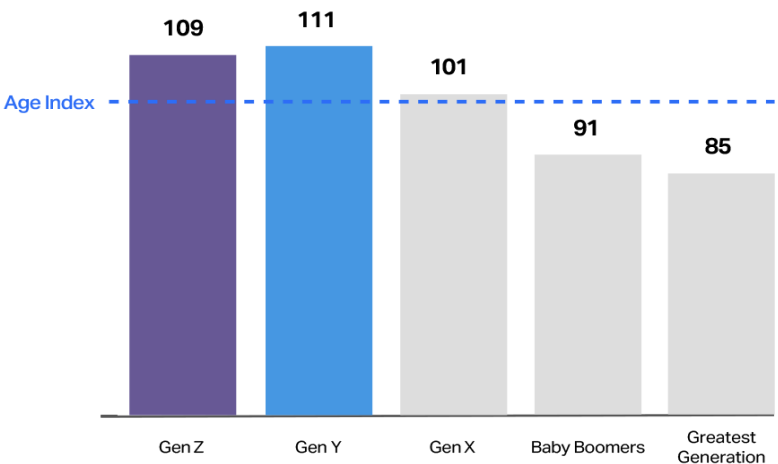
	Facial Skincare	Fruit Snacks	Yogurt	Probiotics	Alcohol
Gen Z Percent of Consumption 2024	7.1%	3.7%	2.4%	2.3%	3.1%
Gen Z Percent of Consumption 2034	27%	38%	25%	23%	19%

Source: NIQ/World Data Lab, Generations Analysis, U.S. Spend by Generations

With Gen Z prioritizing health and the environment, we also expect NIQ Better For™ (a classification leveraging our proprietary algorithm to identify brands through product characteristics, positioning, sales, and distribution) products to continue to grow faster than conventional products.³² This category includes products that are “better for” the consumer, the environment, and society. Currently, small brands and younger generations drive 62 percent of the growth in this category (Exhibit 18).

Exhibit 18

Younger consumers driving growth; suggesting long-term growth potential for NIQ Better For™ brands



Source: NIQ Homescan Panel; Total US Panel; All Outlets; Total Food & Beverage; NIQ Better For™ Segment; \$/Buyer % change vs. a year ago, \$/Buyer Index to Total Panel; 52 weeks ending Jan. 27, 2024



Interested in learning about how Gen Z will contribute to your category's global growth over the mid-term? Get in touch with us today.

Long-Term Perspectives (10+ Years): What (and How) Will Gen Z Purchase As They Mature?

As the largest generation in history, Gen Zers will have an outsized impact on the global economy. They may not yet be the biggest spenders, but manufacturers and retailers that want to capture growth will need to secure future spend from this generation.

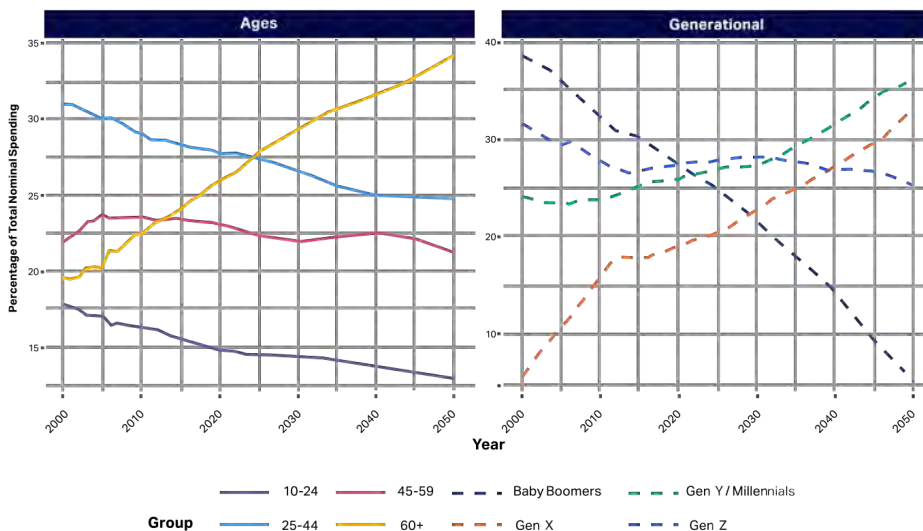
Over time, Gen Z spending will more closely mirror that of Millennials. However, driven by the economic realities that have shaped them, members of this generation will likely be more discerning and value-focused shoppers – surfacing clear nuances between Gen Z and the generations that came before it. For example, while Gen Z doesn't use as many traditional coupons as older generations,³³ brands that invest in digital circulars, loyalty apps, and digital promotions today can satisfy Gen Zers now while helping to foster brand loyalty that will likely pay off tomorrow and long into the future.

And while predictive data for long-term Gen Z spend is limited, we do know that when members of Gen Z hit 50 years old, their mean spending per capita (across all regions of the globe) will be higher than all previous generations.³⁴ For example, in North America, the mean spending adjusted for inflation will be almost \$8,000 more than for Millennials at age 50.

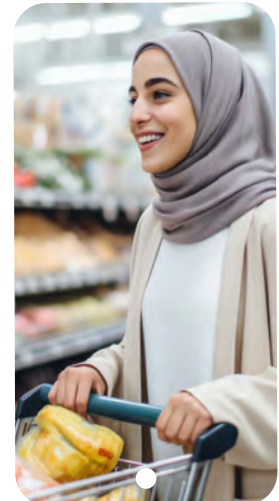
Another way to view generational spending changes this far into the future is by examining age in tandem with generational spend (Exhibit 19). Keep in mind that people move into and out of age groups, but their generation remains static.

Exhibit 19

Comparison of generational vs. age group spending in the U.S. (2000-2050)



Source: World Data Lab, Generations Forecasts



*Gen Z will overtake
Boomer spending
by 2029.*

Five Strategic Considerations

Our macro view of Gen Z today, tomorrow, and into the future outlined key recommendations about how to garner its members' spend. But what other specific considerations and tactics can help retailers and manufacturers gain incremental spend from Gen Z? **We believe that an understanding of the following five “pillars” will inspire sound strategies for capturing Gen Z spend for years to come: private label, influence, purchase behaviors, marketing channels, and brand loyalty.**

1. Gen Z Influence on Private Label Growth

Gen Z consumers, and their Millennial counterparts, are increasingly shopping private label. This is equal parts a function of private label being priced highly competitively and Gen Z's perception of private labels as a direct substitute for national brands.

As mentioned, quality is a critical variable for Gen Z when assessing products and brands. The good news for retailers? An astounding 67 percent of Gen Z feels private label products are just as good as national brands³⁵ – surfacing the Gen Z vantage point of private label as true competitors to national brands.

As more and more retailers offer creative and premium private label experiences that are perceived as high value, these products will serve as the foundation for a brand story that continues to resonate with this generation.

Retailers should take note that private label growth currently exceeds national, branded product growth across both online and in-store channels.³⁶ From 2021 to 2023, we've already seen a 10 percent CAGR for omni sales of private label products.³⁷

Markets in Europe already have a high penetration of private label products, so they won't see as high a CAGR as the U.S., where we expect to see private label grow 25–30 percent over the next 10 years. However, those markets with more mature private label offerings – like Switzerland and the U.K. – still stand to benefit immensely as Gen Z ages into its true spending power in the mid- to long-term.

2. Gen Zers' Sphere of Influence on Household Purchases

Because many Gen Zers still live with their parents in 2024, it is essential to look at their influence on household purchases – notably where they may not be the ones directly purchasing. To do so, we compared the purchasing of U.S. households with at least one Gen Zer to households with no Gen Zers.

In food categories, we found households with Gen Z kids over-index across aisles on combo packs and variety packs.³⁸ We see similar trends for health and beauty, with 2-in-1 or combination packs over-indexing, along with several categories of facial, nail, and hair care. Also high on the list are sexual health products like condoms, emergency contraceptives, tampons, and pregnancy tests.



67%

of Gen Z feels private label products are just as good as national brands³⁵



Households with Gen Z kids over-index on combo and variety packs.

This analysis showcases that not only is Gen Z buying today, they're influencing how other generations are buying today – reinforcing how critical it is to start investing in Gen Z immediately.

Gen Z's sphere of influence extends beyond the household to peer circles. After all, its members have a megaphone called social media – where they're accustomed to sharing views and mobilizing action – at their fingertips. Knowing that the "opinions of friends" ranks in the top five most important factors influencing their purchase decisions, brands must have strategies in place to leverage Gen Z's peer influence.

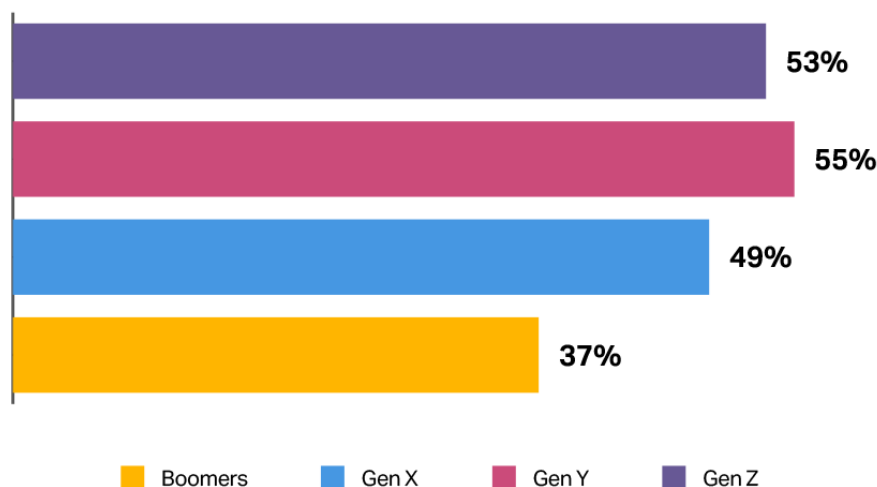
3. Purchase Patterns of Gen Z vs. Other Generations

While it's helpful to see what moves the needle for Gen Z, it's never wise to do so in a vacuum. CPG and T&D brands can better understand key differences in purchase drivers, baskets, and frequency by comparing Gen Z spend to the spend of other generations.

Today, over 50 percent of each generation prefers an omni approach and are likely to shop across stores and platforms to get the best balance of prices, deals, and options.³⁹ However, there's greater discrepancy between generations when it comes to brand exploration (Exhibit 20) and celebrity influence. Millennials and Gen Zers are much more likely to be influenced by an expert or celebrity (with the exception of China, where Boomers are equally influenced to purchase).

Exhibit 20

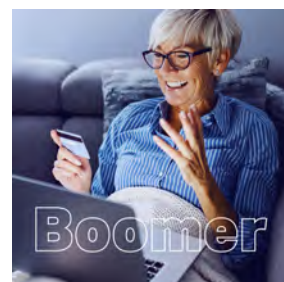
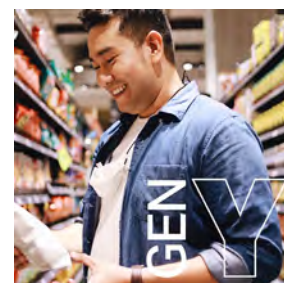
Percentage of demographic willing to explore new brands in search of variety



Source: NIQ Consumer Outlook 2024, Global



vs.



There are often more significant differences among the generations when it comes to baskets, however. First, take a look at an example of each generation's basket for U.S. consumers across generations.

Exhibit 21
U.S. example



Source: US Consumer panel MAT ending January 2024 | Category level III

Now, let's look at the same comparison for U.K. consumers (Exhibit 22). While some categories vary by country, each generation has common themes. For example, Gen Z in both regions over-indexes on beauty, while Boomers prioritize health and wellness.

Exhibit 22
U.K. example

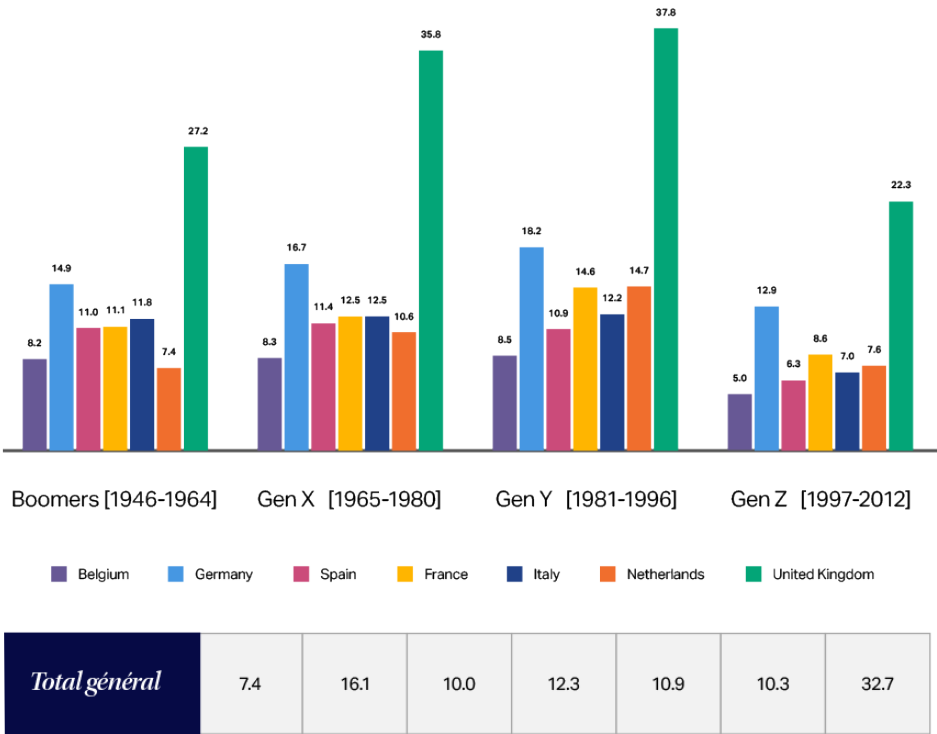


Source: Fox Intelligence data FMG (Calibrated E-commerce) | MAT ending October 2023 | Category level III

Another important comparison is purchasing frequency, which can help manufacturers and retailers understand consumer habits, measure loyalty, and learn what products bring customers back to the store. Of course, consumables, like groceries, will always have a higher purchase frequency than T&D products like smartphones.

When we place a generational lens on this analysis, however, we can see how Gen Z compares to other generations in terms of purchase frequency. Our European Union (E.U.) survey shows a lower purchase frequency for Gen Z across countries (Exhibit 23). This data aligns with our expectations, as many Gen Zers are currently living at home and going to school versus being in the workforce with a steady income. Naturally, we expect to see purchase frequency increase as Gen Z ages to mirror more closely the purchasing frequency exhibited by Gen Xers and Millennials.

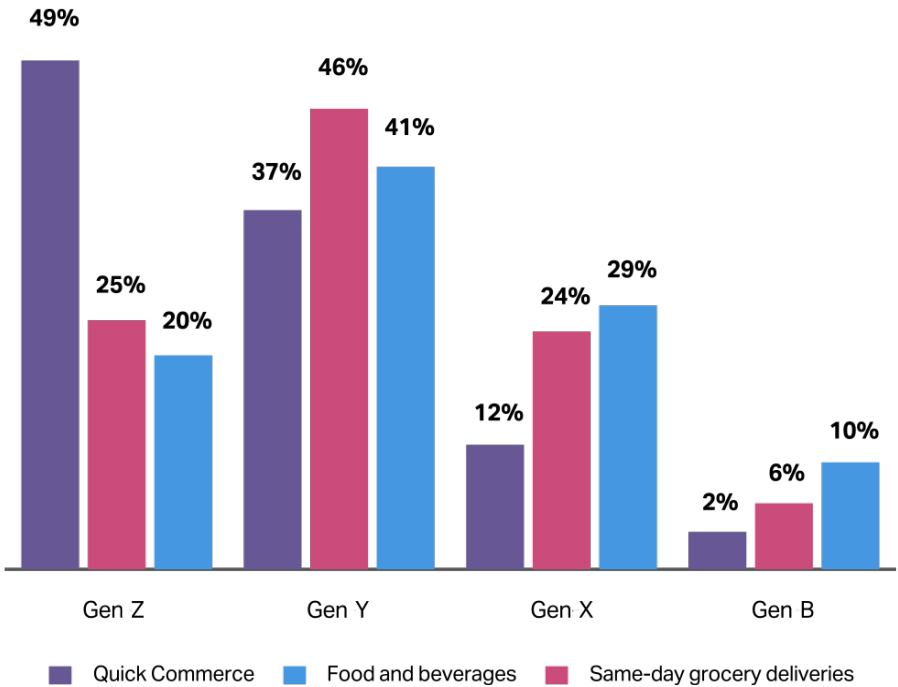
Exhibit 23
Purchase frequency by country



Source: Fox Intelligence data FMCG latest 12 months ending March 31, 2024

How generations shop is also changing with the rise of retail media networks like Instacart and Amazon Prime. Retailers are already rolling out drone delivery options to satisfy impatient consumers. Much of Gen Z has grown up expecting instant gratification, so one would anticipate high adoption of these new shopping methods. Just how much are these changes influencing Gen Z compared with older generations? Below is an example from France (Exhibit 24). As expected, Gen Z is quick to adopt the nearly instantaneous delivery that comes with quick commerce.

Exhibit 24
Penetration by age range in 2023: Total food and beverages – In number of e-shoppers



Source: Foxintelligence data FMCG (calibrated E-commerce), France, 2023



Key executive takeaway

Brands should continue down-market, Gen Z-focused investments in advertising that supports retail media network adoption (and loyalty). While important, Return on Ad Spend (ROAS) may not be considered the best measure of success when evaluating performance of retail media network advertising, but rather new and returning customers to the platform.

Invest in awareness campaigns for early adoption by Gen Z for quick commerce platforms, like Gorillas, in the U.K.

4. Must-Leverage Marketing Channels

There are distinct differences in influence generated from marketing channels for each generation. For Gen Z, the digital sources that most often help them decide what food products to buy are apps (retailer, manufacturer, or money-saving apps) and social media.⁴⁰ For example, when deciding where to shop for beauty products and alcohol, websites top the list, quickly followed by apps and social media.

In this context, “websites” include everything from retailer and manufacturer websites to product review sites, money-saving sites, blogs, and online advertisements. This means prioritizing a brand’s website and advertising campaigns, along with other blog, influencer, and product review efforts, is critical for reaching Gen Z.

Email vs. text message effectiveness can vary by product for Gen Z. When influencing where to shop for beauty products, email is more effective than texts, but it’s the opposite when influencing purchase of alcoholic beverages for Gen Z.⁴¹ Each brand will need to test which channels perform best for their specific products.

5. Securing Lifelong Brand Loyalty

Brands can deploy several high-level strategies to gain Gen Z loyalty: be authentic and transparent, embrace sustainability and social responsibility, and foster a sense of community or belonging. Here are a few real-world tactics to help build trust and capitalize on those loyalty-building initiatives.

Personalize.

Consumption is a form of personal expression for Gen Z, and personalization is something they have grown to expect. Gen Zers want custom experiences and products that fit their needs at their specific life stage. The proliferation of retail media networks and apps in recent years means it’s easier than ever for brands to target and personalize recommendations for Gen Z.

Create experiences.

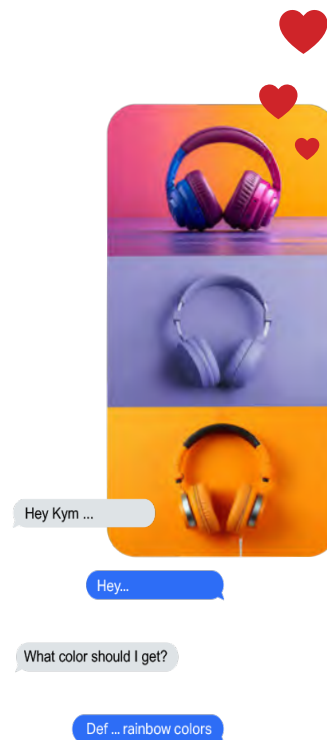
Embrace emerging technologies – like AI and augmented and virtual reality – to help provide fun and immersive shopping experiences that speak to Gen Z. Virtual shopping with friends is another area of expected growth. A recent study found that almost one-third of Gen Z shoppers are currently interested in virtual shopping with friends.⁴² In the next five years, shopping in virtual stores is expected to grow by 229 percent, while virtual shopping with friends may rise by 141 percent.

Make it easy.

Gen Zers have grown up in a time of instant gratification, with conveniences like one-click checkout and same-day delivery being commonplace. Brands courting Gen Z must continue to find ways to meet expectations with fast and easy shopping experiences.

1/3

of Gen Z shoppers
are currently
interested
in shopping
with friends⁴²



The Big Takeaway for Brands and Retailers

Gen Z will be the largest generation on record, and its spend is growing fast – to the tune of \$2.7 trillion USD of growth over the next six years. While Gen Z's global spend will only make up around 20 percent of total spend in most categories for the next 10 years, it will overtake the spend of previous generations – and sooner than you likely thought.



Balancing Gen Z preferences and shopping behaviors (alongside aging Boomers and Gen Xers) will no doubt take effort – and best-in-class data – to get right. What resonates with one Gen Zer may be off-putting to another in a different life stage, geography, or socioeconomic position, underscoring the critical need for accurate segmentation and hyper-targeting. As we've shown, painting Gen Z as a monolith is a surefire way to develop an ineffective strategy. Life stages translate to spend, and investing before those life stages is critical if you want to win Gen Z spend.

Though appealing to Gen Z comes with challenges, it also comes with great rewards. Brands that want to capitalize on Gen Z future spend should get Gen Z consumers' attention today, form a plan to build and maintain lasting brand loyalty, and capitalize on current-day Gen Z influence relative to spend.

We'd love to talk with your team about how to align your innovation, merchandising and assortment, marketing, and omni strategies to the ever-evolving expectations of the Gen Z consumer.

Give us a call today.

*Life stages
translate to spend,
and investing
before those life
stages is critical
if you want to win
Gen Z spend.*

Authored by NielsenIQ & GfK in collaboration with World Data Lab (WDL):



About NIQ

NielsenIQ (NIQ) is the world's leading consumer intelligence company, delivering the most complete understanding of consumer buying behavior and revealing new pathways to growth. NIQ combined with GfK in 2023, bringing together the two industry leaders with unparalleled global reach. Today NIQ has operations in more than 95 countries covering 97% of GDP. With a holistic retail read and the most comprehensive consumer insights—delivered with advanced analytics through state-of-the-art platforms—NIQ delivers the Full View™.

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About World Data Lab (WDL).

WDL creates forward-looking proprietary data to quantify and forecast consumer trends, consumer spending, demographic shifts, and progress towards the Sustainable Development Goals up to 2034. WDL's advanced data science approach, which has been peer-reviewed and published in Nature, delivers unrivaled accuracy freshness and consistency across all demographic groups in 180 countries and more than 6,000 cities.

Sources: ¹Consumer class is defined as anybody spending over \$12/day in 2017 \$PPP. ²Richard Fry and Kim Parker, "Early Benchmarks Show 'Post-Millennials' on Track to Be Most Diverse, Best-Educated Generation Yet," Pew Research, November 15, 2018, <https://www.pewresearch.org/social-trends/2018/11/15/early-benchmarks-show-post-millennials-on-track-to-be-most-diverse-best-educated-generation-yet/> ³NIQ-GfK Consumer Life Global 2023. ⁴"A Political and Cultural Glimpse Into America's Future: Generation Z's Views on Generational Change and the Challenges and Opportunities Ahead," PRRI, January 22, 2024, <https://www.prri.org/research/generation-zs-views-on-generational-change-and-the-challenges-and-opportunities-ahead-a-political-and-cultural-glimpse-into-americas-future/> ⁵GfK Consumer Life Global 2023, A5, O30, C1. ⁶GfK Consumer Life Global 2023, A5, O30, C1. ⁷GfK Consumer Life, Global Gen Z, March 2024 ⁸GfK Consumer Life Global 2023 GG_1, GG_2, A2, E1/J1/M1 (global = 18 countries); GfK Green Gauge Plus 2022 study, ATS_1 (global = 10 countries); GfK Consumer Life, Global Gen Z, March 2024. ⁹"What is Gen Z?," McKinsey & Company, March 20, 2023, <https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-gen-z>. ¹⁰GfK Consumer Life Global 2023, A1, A2, L1 (global = 18 countries); *on list of 24. ¹¹GfK Consumer Life, Global Gen Z, March 2024. "Worries About Coronavirus Surge, as Most Americans Expect a Recession – or Worse," Pew Research, March 26, 2020, <https://www.pewresearch.org/politics/2020/03/26/worries-about-coronavirus-surge-as-most-americans-expect-a-recession-or-worse/> "Worries About Coronavirus Surge, as Most Americans Expect a Recession – or Worse," Pew Research, March 26, 2020, <https://www.pewresearch.org/politics/2020/03/26/worries-about-coronavirus-surge-as-most-americans-expect-a-recession-or-worse/> ¹²NIQ proprietary data. ¹³NIQ/World Data Lab, Generations Analysis. ¹⁴Stephanie Chevalier, "Gen Z online shopping behavior – statistics & facts," Statista, January 10, 2024, <https://www.statista.com/topics/11087/gen-z-online-shopping-behavior/#topicOverview> ¹⁵GfK Consumer Life Global 2022 ¹⁶World Data Lab, Generations Forecasts ¹⁷NIQ Omnishopper, Total FMCG Depts= Food, Baby Care, Health & Beauty Care, Household Care, Pet Care, Gen Merch; 52 weeks ending January 27, 2024. ¹⁸GfK, Generation ZCG insights, 08/03/24. ¹⁹NIQ 2024 Consumer Outlook, U.S., TikTok Shop sales. ²⁰GfK Consumer Life 2023, G6, O4, O7a20, TDA_1; GfK Consumer Life 2022, I1, G11; *on list of 10 items; 2021, H32, **on list of 13 items (global = 18 countries); GfK Consumer Life, Global Gen Z, March 2024. ²¹NIQ/World Data Lab, Generations Analysis, Consumer Class 2030. ²²NIQ/World Data Lab, Generations Analysis, Generation Overview USA. ²³NIQ/World Data Lab Generations Analysis, Consumer Class Choices. ²⁴Kalamata and New York, "Generation Z is unprecedentedly rich," The Economist, April 16, 2024, <https://www.economist.com/finance-and-economics/2024/04/16/generation-z-is-unprecedentedly-rich> ²⁵NIQ proprietary data. ²⁶NIQ US Gen Z survey, Aug 2022, Q13, Q9B. ²⁷NIQ Consumer Life Global 2024. ²⁸NIQ/World Data Lab, Generations Analysis, Consumer Class Choices. ²⁹NIQ Consumer Life Global 2024. ³⁰NIQ US Gen Z survey, Aug 2022, Q13, Q9B. ³¹NIQ Consumer Life Global 2024. ³²NIQ/World Data Lab, Generations Analysis, U.S. spend by generation. ³³NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage (including Fresh) vs Better For Segment™; % change vs previous year; Last 4 years ending September 9, 2023. ³⁴NIQ US Gen Z survey, Aug 2022, Q12, Q9. ³⁵NIQ/World Data Lab, Generations Analysis. ³⁶NIQ Consumer Survey, PLMA Consumer Research report. ³⁷NIQ proprietary data. ³⁸NIQ Gen Z Present in HH. ³⁹NIQ Consumer Outlook 2024, Global. ⁴⁰NIQ US Gen Z survey, Aug 2022, Q10, Q16. ⁴¹NIQ US Gen Z survey, Aug 2022, Q17, Q23. ⁴²GfK Consumer Life, Global Gen Z, March 2024. ⁴³"Generation Z is Unprecedentedly Rich," The Economist, April 16, 2024, <https://www.economist.com/finance-and-economics/2024/04/16/generation-z-is-unprecedentedly-rich>