

Growth

Gen Z buyers: the future is ethical consumption

Summary: What does the next generation of consumers want from their businesses? Gen Z demands forward-looking business growth. Read on to understand why you should listen.



Victoria Campbell
Customer Communications Manager

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about Gen Z and their desires and demands, companies can make informed decisions about how to gain the trust and loyalty of this new generation of consumers and meet their expectations when it comes to ethical consumption.

A generation overwhelmed with information

Millennials, typically defined as the generation born between 1981 and 1996, were the first generation to grow up in the internet age. This generation of globalised youth are considered digital natives and pushed previous generations into a world where you can do everything online; from buying groceries to meeting your future spouse.

The following generation, commonly known as Gen Z, but colloquially referred to as zoomers, ([born between 1997 and 2012](#)) [↗](#) have brought digital literacy to a new level. Gen Z was born after the mass-adoption of the internet and the average American Gen Z'er received their first smartphone before their twelfth birthday. While this digital literacy has undoubtedly given them an edge on [technological advancements](#), growing up with a universe of information at your fingertips can have consequences.

[Gen Z reports more anxiety for the future than any previous generation before](#) [↗](#) . Exposed at an early age to the relentless 24-hour news cycle of the 21st century, magnified by the infinite number of publications and platforms in which to consume information, Gen Z has been victim to a barrage of information. Exposed in a way like no generation before, Gen Z has been witness to (either voluntarily or involuntarily) the corruption and unethical dealings of institutions and companies around the world.

The "woke generation" of business owners and customers

[According to results of a large USA-focused survey by the Pew Research Center](#) [↗](#) , 76% of Gen Z respondents say that climate change is one of their biggest concerns, while 37% said it was a 'top concern to them personally'. The same survey found that Gen Z is more active than the previous generations in addressing this concern, as 32% have taken part in at least one environmental action in the last year, a significantly higher share than the 21% of Baby Boomers who reported activism.





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The study concluded that climate change and the anxieties that come with it, are putting immense pressure on Gen Z. Co-author of the study, Britt Wray, explains "Gen Z is feeling [the anguish] most. Being glued to Instagram, TikTok, Twitter, and all the rest, it's just way more in their face...They are observing the lack of adequate action...They can't just enjoy being a young person and getting through childhood in an easeful way without existential pressure and thinking about huge societal problems."

Mockingly referred to as the 'Woke Generation', American Gen Z'ers consider themselves [more accepting and open-minded](#)  than any generation prior. Indeed, almost half of American Gen Zs are minorities, compared to only 22% of Baby Boomers. Additionally, the next generation of Americans are more accepting of differing sexual orientations than generations past. According [Gallup](#)  the percentage of American adults who identify as LGBTQ has doubled in the past decade (from 3.5% in 2012 to 7.1% in 2021).

This increase can be attributed to many factors, amongst which is the coming of age of Gen Z. The same 2021 Gallup poll found that 20.8% of Gen Z adults identify as LGBTQ, a stark contrast to the mere 2.6% of baby boomers. [Jeff Jones, author of the poll explains](#)  "Gen Z'ers who have turned 18 since 2018 are more likely than older members of Gen Z to identify as LGBTQ, so the number of LGBTQ adults will likely increase as all Gen Z'ers reach adulthood...People who identify as LGBTQ could make up 10 to 15% of the adult population in the not-too-distant future as Gen Z and millennials comprise of an increasing share of the adult population."

As Gen Z comes of age and enters adulthood the demographic makeup of the world is shifting. With Gen Z's more accepting attitudes and personal interest in minority and LGBTQ rights, as well as their intense anxieties about climate action; they are becoming a force to be reckoned with. These young adults have begun to demand change from their politicians and communities, as well as the companies they support with their newfound purchasing power.

Gen Z consumer behaviour

Coming of age in a time where identity politics ruled the television and smartphone screens, and the threat of climate change loomed large, Gen Z is now looking to put their money where their mouth is: by partaking in ethical consumption.



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For companies, the data is clear. In order to capture the loyalty of the next, and biggest, generation of consumers, [considering climate impact is key](#). If companies want to grow, they need to focus on sustainable business growth. Therefore, they should not only consider the environmental impact of the production of their goods, but also the impact of how the goods get transported from factory to market. Additionally, [54% of consumers now prefer local or regional products](#) [↗](#), encouraging companies to create more localised supply chains for their customers. With more options available for logistics providers to offer, companies can capitalise upon this expertise to reduce greenhouse gas emissions in their supply chains, and gain the trust of environmentally minded Gen Z.

Gen Z and ethical consumption

With the increasing diversity of Gen Z, it is clear that the next generation wants businesses and companies to support the causes they believe in. According to [Merkle's Next Generation of Consumer Behavior](#) [↗](#) report, 83% of Gen Z'ers want brands to take a stance on social issues (compared to just 59% of consumers aged 41 and up).

In a [2018 study of Brazilian Gen Z'ers McKinsey and consumer research company Box1824](#) [↗](#) found that 48% of Gen Z consumers valued brands that don't classify items by gender. Though this is not a majority share, it is a 10% increase from consumers in other generations, showing companies that there is a shift occurring. This change may cause brands to reconsider how they can market products in a more inclusive way for the next generation.

However, companies need to make sure that these changes aren't created just to appease customers, but that they are authentic and holistic at all levels of the company. For example, if a brand promotes LGBTQ+ products for Pride Month, but lacks inclusive policies within the company's framework, the contradiction will quickly be noticed and condemned. This is important for companies who seek to grow, as [80% of respondents](#) [↗](#) say they can recall at least one controversy involving a company, and the same share refuse to buy goods from companies involved in scandals.







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[In a global study by Nielsen](#)  , 92% of respondents said they trusted friends or family for recommendations on which products to purchase above all forms of advertising, meaning that it is exceptionally important for companies to really walk the walk to retain the trust of Gen Z.. The good news, however, is that Gen Z remains tolerant, and [71% will stay loyal to brands that they trust](#)  , even if they make a mistake. Thus, once companies gain the trust of the next generation, they are likely to have customers for life.

So how to gain that trust in the first place? Reportedly, [73% of Gen Z only buy from brands they believe in](#)  , and [70% say they try to purchase products from companies they consider ethical](#)  . So, in order to become the brand of choice for Gen Z, companies need to not only communicate, but also act, with ethical standards. Like environmental impact, social impact should be measured within all aspects of the business; ensuring ethical business practices every step of the way, from corporate policy to third-party vendors.

By engaging in ethical consumption, Gen Z does their research, with [65% of respondents](#) 



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Understanding and acting upon the new demands that Gen Z consumer behaviour reflects, leaves a lot of potentials for business growth. In the United States alone, Bloomberg has estimated the disposable income of Gen Z at [360 billion USD](#) (as of 2021). This means that companies have a huge opportunity to grow their businesses alongside the coming of age of Gen Z. With more than 30% of the global population, the next decade could lead to a boom for companies that prioritise environmental and social standards at all levels of their business, from corporate governance to logistics supplier. Though undoubtedly discerning, the next generation of ethical consumers are intensely loyal, and by meeting their demands companies can achieve long-term growth for generations to come.

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