

Gen Z Shopper report

Social and socially conscious.



Understanding Gen Z
in 2023 and beyond.

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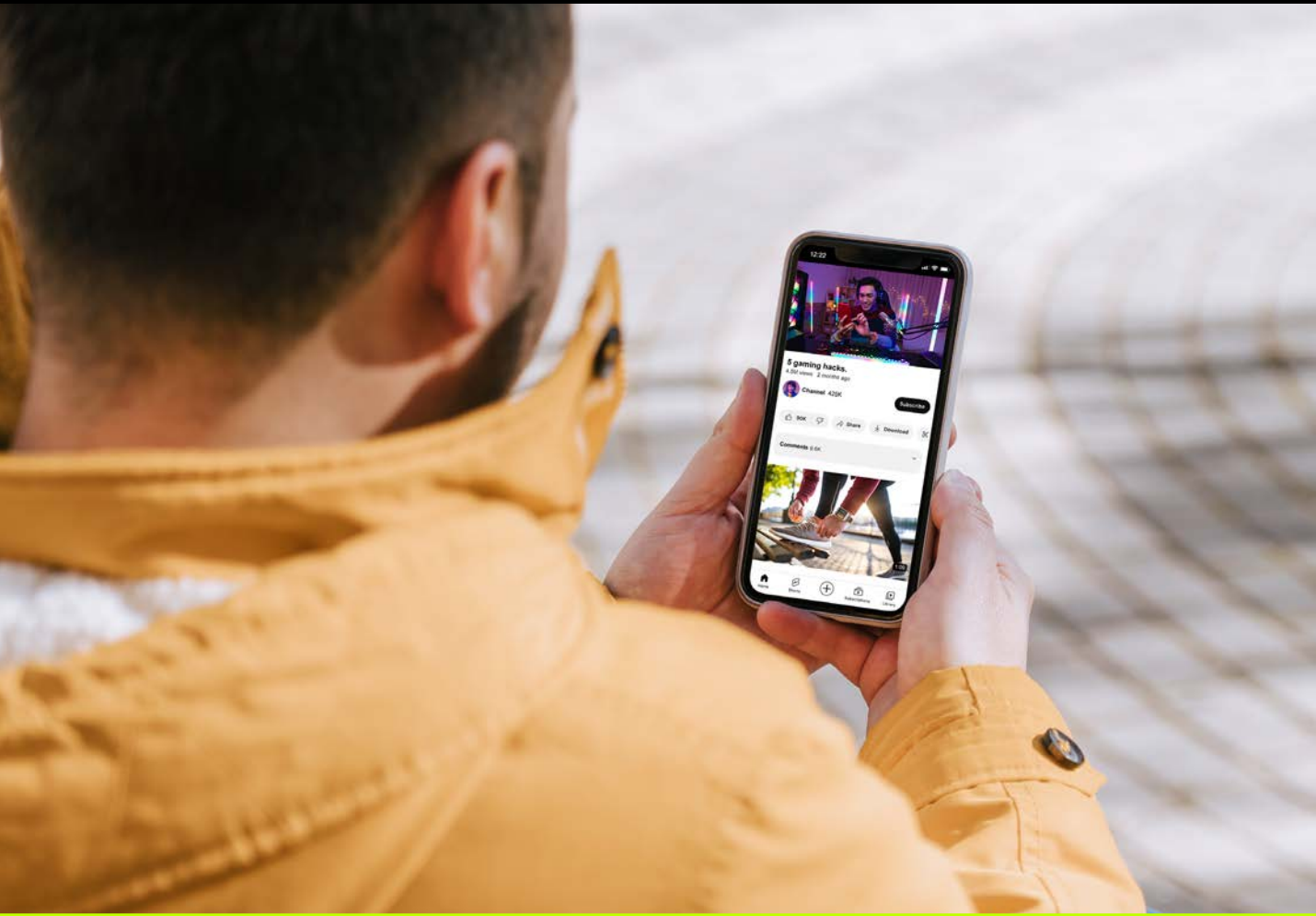


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About our data.

In April 2023, Roundel via Fuel Cycle surveyed 1,300 Gen Z adults (ages 18+) and 1,300 Millennials (ages 27-42). This included both the general population as well as those who shop at Target at least once a month, on average.

For survey questions that state, “Select all that apply,” respondents could multi-select so results will not add up to 100%.

For survey questions related to “Target shoppers,” we recorded a “yes” to shopping at Target at least once a month on average.

Roundel received additional insights on Gen Z from our partners at dentsu and LTK (formerly rewardStyle and LIKEtoKNOW.it).

Introduction to Gen Z

Meet the diverse, driven, device-first generation.



Call it a rite of passage. Every up-and-coming generation gets reduced to a label. For Generation Z—those born between 1997 and 2012—the label of “digital natives” is certainly accurate.

They don't remember a world without smart phones, the internet, or social media. They place a greater emphasis on the experience and expect it to be personal and authentic. Yet their lives have also been shaped by other forces that are equally as powerful as media and technology. Climate change, social justice issues, Covid, and the economy certainly factor in to who they are. Equally important is who their parents are.

While the older Gen Z count Boomers and Gen X as their parents, many of the youngest Gen Z have Millennial parents (born between 1981 and 1996). Although Target doesn't collect data on those under 18 and we only spoke to Gen Z between the ages of 18-26 for this report, there's little doubt that Gen Z tweens (10- to 12-year-olds) and young teens

influence the purchasing decisions of their Millennial (and to a lesser degree, Gen X) parents.

For marketers looking to maintain their relationship with Millennials while growing loyalty with a Gen Z audience that continues to mature, differences in lifestages and behaviors can pose a challenge.

As part of Target, however, we understand the value of creating experiences that are true to our guests, no matter where they're at in life.

In this report, we'll:

- Introduce you to Target's Gen Z guests
- Compare them to Millennials
- Help you understand their lifestages and key behaviors
- Discuss how your brand can best curate messaging that resonates with Gen Z

Chapter 1: Lifestages

Eight years (and worlds) apart.

The 1,300 Gen Z Target guests we surveyed ranged in age from 18 to 26 years old. Within that eight-year span, they fell into three distinct lifestages.

1. Studying
2. Working
3. Parenting

In addition to lifestage influences, Gen Z are feeling the impact of forces outside their control. While their closest counterparts (Millennials) became adults during a recession, Gen Z are being shaped by the current inflationary period—the

highest in decades—and the lingering social and economic impact of the worldwide pandemic.

Although we can expect some shifts in attitudes and behaviors over time, looking at where Gen Z are now, what they value, and how they feel about life, media, and shopping can help you understand this key audience.

Just as with the Millennials who preceded them, Gen Z will have an oversized influence on every aspect of retail in the years to come.



53%

of Gen Z state inflation has impacted their feeling of financial security.

23%

of surveyed Gen Z have household incomes over \$100K, compared to 32% of surveyed Millennials.

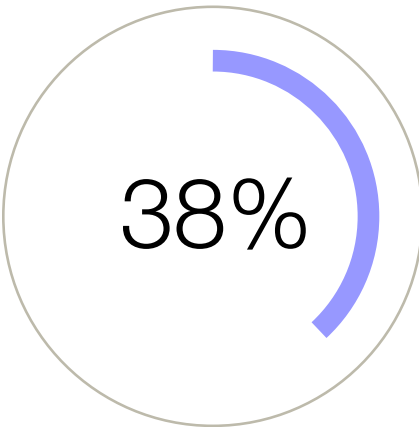
Gen Z students

Out of the house but not yet on their own.

Being in a transitional stage impacts every aspect of Gen Z students' lives, from who they live with, how they shop, and what they're willing to splurge on. Some may already have a career path but others are just beginning to explore their options.

With many important milestones still ahead of them, "resiliency" is key to those we surveyed. Almost half (45%) of those we surveyed link success to being resilient to life's challenges.

A majority (59%) of those surveyed equate success to being able to do the important things in life.



38% of Gen Z identify as students vs. just 13% of Millennials.

If we look at those Gen Z already in the workforce or parenting, students will soon be trading the impermanence of college housing for their first place. Instead of furnishing dorms and apartments on a budget, they'll be furnishing a home and filling the pantry. And instead of going to their campus Target, they'll be extending that loyalty to their local one.

For brands, this creates an opportunity to gain loyalty now. Think about how your retail media can extend beyond online shopping to align with in-store experiences as well.

With 150+ small-format college campus and urban stores, Target understands the importance of gaining early loyalty. The students who purchase back-to-college products on a budget now will, in a few years' time, represent the growing changeover of the workforce.

Being in college shapes every aspect of Gen Z students' lives.

have household incomes under \$50K (\$0-49K).

43%

live with roommates.

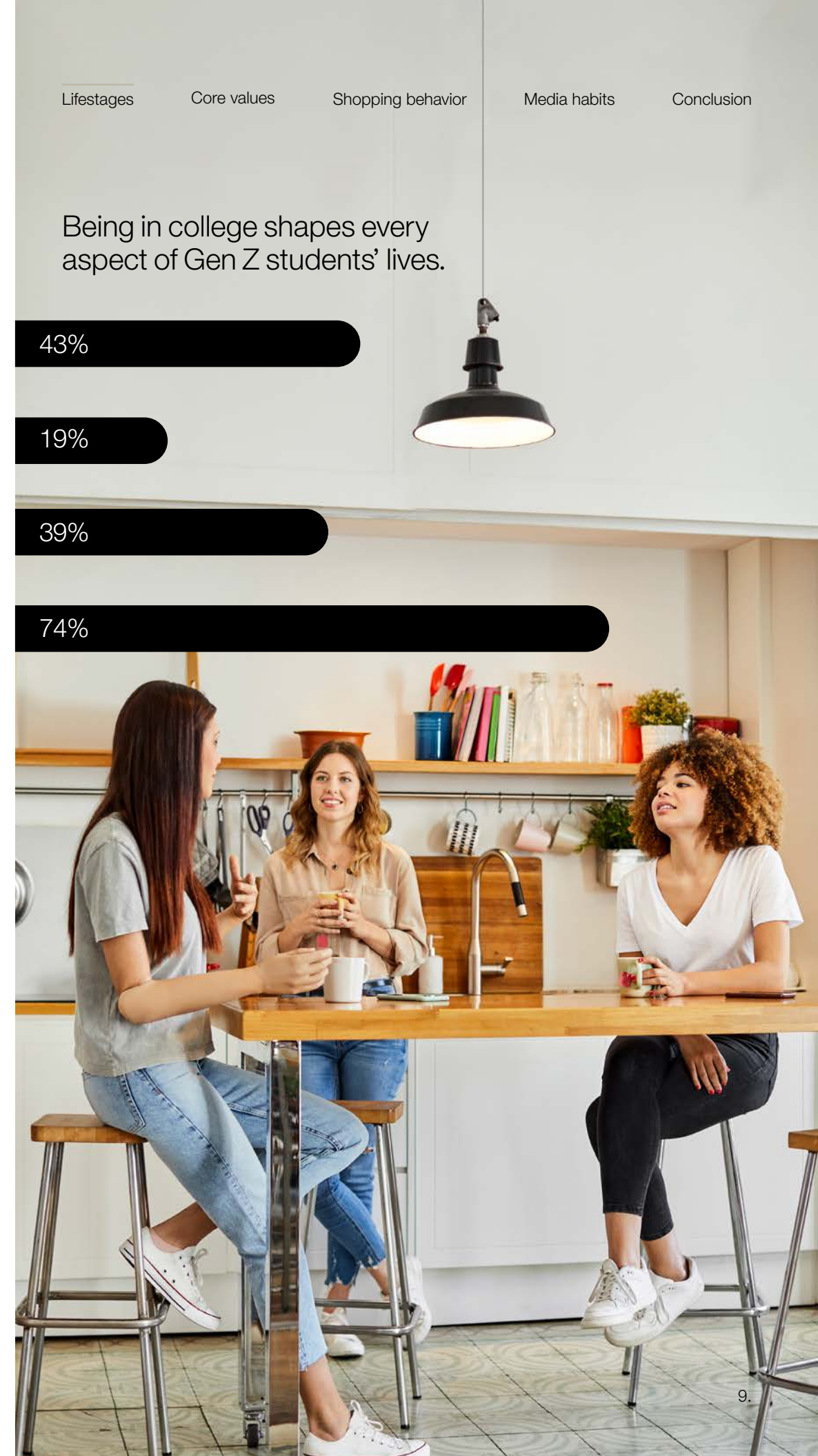
19%

say everyone chips in on shopping runs.

39%

state affordable prices are very/extremely important when making purchase decisions.

74%



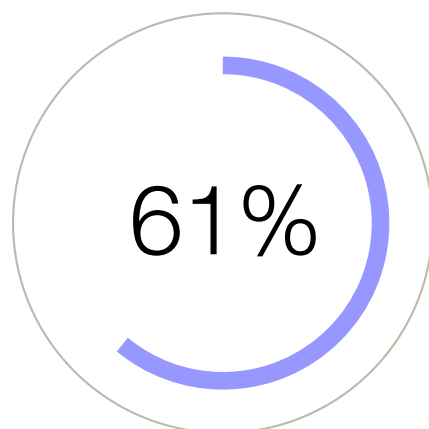
Gen Z workforce

The changing definition of home.

It's a strange reality. Many Gen Z who self-identify as in the working lifestage might never have made the five-day-a-week trek into an office. It's certainly true for those Roundel hired between 2020 and 2022. While some of us are getting off video calls and returning to the office a few days a week as part of a hybrid workforce, others are also turning to remote life for the majority of the work year.

On the heels of the pandemic, the Gen Z workforce has also been impacted by inflation. As a reflection of that, Gen Z expect more from every dollar they spend.

A full 74% of those surveyed state quality of products as very or extremely important when feeling inspired by a retailer. They trail Millennials (83%), but we can expect that as their earnings grow, the demand for high-quality products among Gen Z will increase.



61% of Gen Z identify as working.

Quality products are a must with this audience. Brands should look to inspire them and speak to the new definition of home—not just a place to grow relationships, but a place to grow careers.

A rapidly maturing household.

34%

have household incomes of \$50-\$100K.

37%

feel big box retailers are the most enjoyable shopping experience.

35%

live with a partner.

74%

state quality of products as very or extremely important when feeling inspired by a retailer.



Gen Z parents

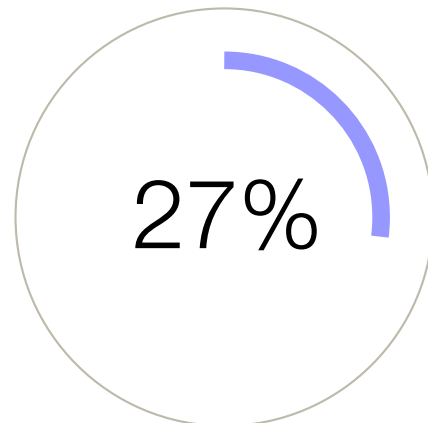
Relationships and quality of life rule.

While more than 8 in 10 Millennials identify as parents, less than 3 in 10 Gen Z are at the same life stage. That number will change as Gen Z matures, but there are still key differences in how today's Gen Z parents view the world.

They grew up with Millennial parents—many of whom were impacted by the recession in 2007-2009. And while almost half (49%) of Millennial

parents surveyed today consider having a fulfilling career as part of their definition of success, Gen Z doesn't.

For the Gen Z we spoke with, success is defined differently. It's more about quality of life and fulfilling relationships and less about career.



27% of Gen Z identify as parents vs. 84% of Millennials.

Home life.

35%

have a household income of \$50-\$100K.

54%

have one person do all of the household shopping.

35%

live with their immediate family.

23%

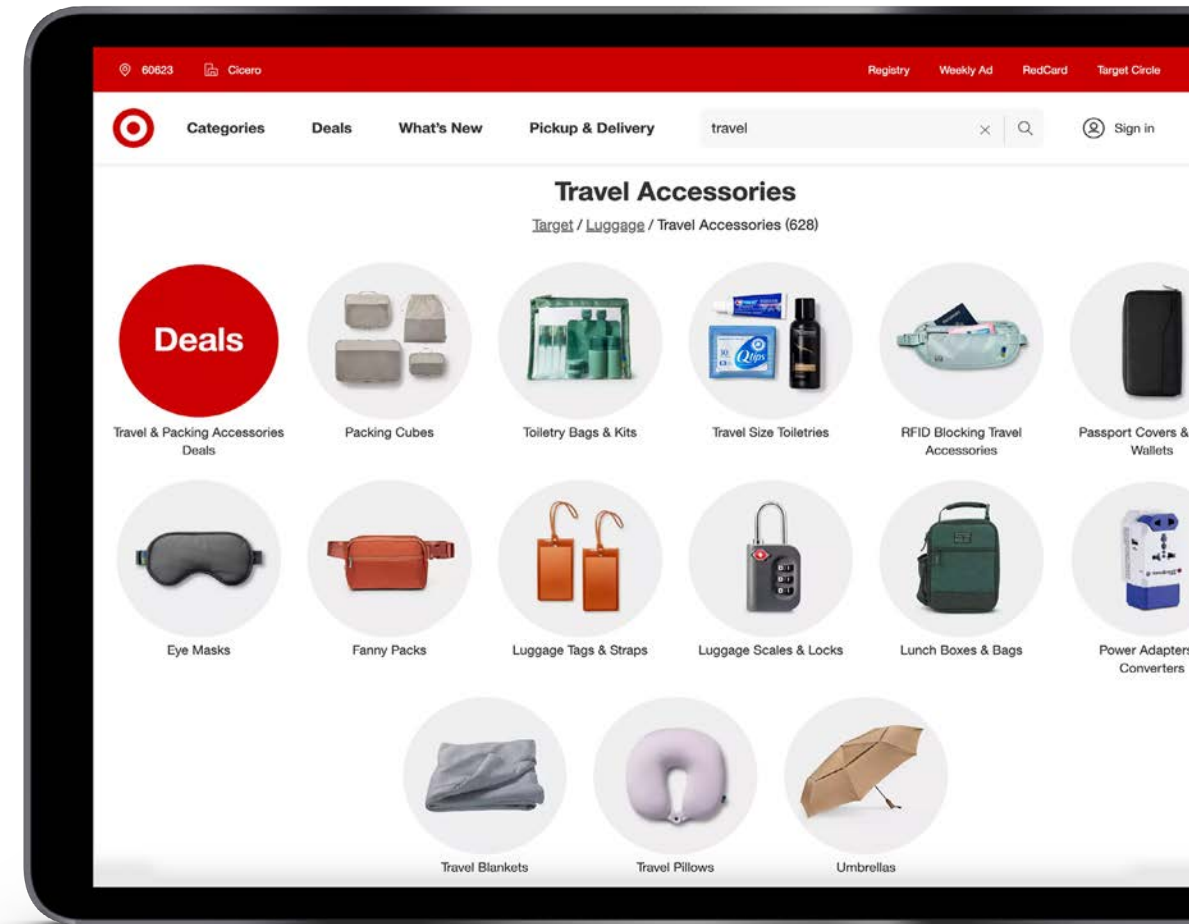
are in a working + studying stage of life, in addition to parenting.



Gen Z parents

Cautiously optimistic when it comes to financial security.

Make no mistake. Just because Gen Z parents don't place a high value on having a fulfilling career doesn't mean they're not driven to achieve. What they are looking for is balance, with career—and earnings—helping them live the life they want, surrounded by the people, places, and things they love.



Financial outlook

61% believe inflation factors into their financial security.

42% think that family growth factors into their financial security.

50% somewhat/strongly agree that they feel financially secure.

24% splurge on spending.

48% say “making a lot of money for financial comfort” is a part of their definition of success.

Defining success.

60% “Having a better quality of life.”

49% “Reaching my full potential.”

52% “Being able to provide for someone else (i.e., kids or parents).”

44% “Having strong relationships with family and friends.”

Gen Z parents

trust their network, on social and off.

Family and friends are a theme that keeps popping up with Gen Z.

Of the Gen Z parents we surveyed, almost half (44%) said “Having strong relationships with family and friends” is what they want out of life. Perhaps it’s no surprise then that those same groups have an oversized influence on what Gen Z parents purchase.

The focus should be on crafting campaigns that resonate with current and future Gen Z parents. Think about how media can help:

- Provide parents with information that is both useful and trusted.
- Use authentic influencer product reviews and purchase recommendations to gain share of wallet.
- Reach shoppers naturally through family and friends. Display advertising on a retailer’s baby registry is just one way your brand can be part of a trusted inner circle of family and friends during a pivotal life moment.



Relationships influence purchases.

70%

more likely to trust social posts from close family or friends compared to non-parent Gen Z shoppers.

40%

trust their friends/family the most for product/purchase recommendations.

25%

trust online reviews the most for product/purchase recommendations.

Brands looking to reach and inspire Gen Z parents will need to think beyond price or frequency strategies when it comes to media and messaging.

Chapter 2: Core values

Show up or be shut out.

To be successful, brands need to reflect the world Gen Z want to live in.

Good products that do good in the world. No matter their life stage, Gen Z are similar to Millennials in expecting brands to reflect their values—not just during celebrations like Black History Month, Pride Month, and Earth Day, but every day. The same is expected of retailers.

Community—not just where they live but who they identify with—is also important to Gen Z. As a generation, Mintel research shows Gen Z has the highest percentage of people self-identifying as part of the LGBTQIA+

community (27%). LGBTQIA+ allies make up 85% of households.¹

Gen Z also exhibit a degree of openness not seen in previous generations. Sexuality, for sure, but also mental health, how much they make, how they vote—it's all open for discussion.

For brands, the shift toward openness speaks volumes about how they need to speak with Gen Z. Representation needs to be always on and truly lived by the brand and the company.

73%

of Gen Z will pay more for sustainable products.²

Compared to

68%
Millennials

55%
Gen X

42%
Boomers

Socially conscious cart fillers.

In addition to sustainable products, Gen Z prioritizes purchasing women- and Black-owned brands.

They also expect more from retailers, making it important for brands to align themselves with like-minded companies.

Among 3,500 U.S. brands ranked on culture, Target leads on key attributes.³



Brand messaging around Gen Z core values should be consistent, authentic, and transparent. This means brands need to show up all year, not just on key occasions: embrace cultural values not just at the brand level, but also at the company level to ensure messaging is true to your brand and the communities you're aligning to; and be open about your commitments and stand by them.



Chapter 3: Shopping behaviors

Elevating experiences.

Time-crunched and with almost 40% on a student budget, Gen Z still seek out discovery and delight.

For a generation growing up in the era of online shopping and “dead malls”—vast shopping malls sitting empty or being turned into indoor adventure attractions—what constitutes a retail experience for Gen Z is markedly different from past generations.

And while they may be value-conscious, especially students, Gen Z shoppers say experiences are what draws them into stores or onto a website, app, or commerce platform.

They make and share memes about the “Target effect,” where going in for one thing winds up with them wandering the aisles and discovering a multitude of items that speak to them.

They engage with and take advice from family, friends, and influencers on social media. And they look forward to and save up for sales that are turned into events like Black Friday, Cyber Monday, and Target Deal Days.

All this is good news for brands thinking beyond the ad space to create campaigns that inspire, that lead to discovery, and are an extension of a welcoming and trusted shopping experience.

Valuing inspiration.

73%

of Gen Z shoppers, among equally convenient options, prefer to buy from brands and retailers whose shopping experiences inspire and delight. The number jumps to 80% for Millennials, indicating the importance Gen Z places on a good shopping experience may increase over time.⁴

Demanding personalization.

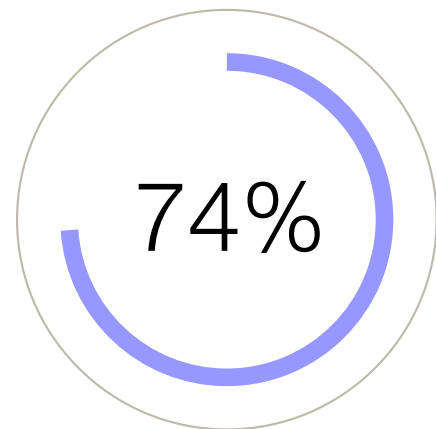
61%

of Gen Z expect brands and retailers to offer shopping experiences tied to previous interactions—both online and in-store. That number jumps to 74% for Millennials.⁴

In-store shopping.

Convenience, trial, and value are important—just not as important as the experience.

Gen Z have been painted as “heads down,” living in their devices, and disconnected from the real world, but their shopping behavior tells a different story. The Gen Z we surveyed are big on in-store experiences.



74% of Gen Z say a helpful sales staff leads them to choose in-store over online.

69%

say the personal experience is closely followed by ability to virtually or physically try out products.

56%

enjoy flexible fulfillment options like Drive Up or Pick Up.

49%

choose shopping in-store to save money.



For in-store experience, big box leads the way.

79% of Gen Z prefer shopping in big box stores.⁴



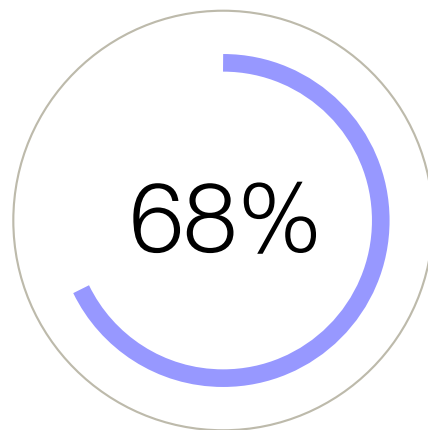
Brands that align their retail media spend with retailers perceived as having a more inviting store experience can enjoy a halo effect.

Online shopping.

Habits formed during Covid may be here to stay.

When asked about online shopping, nearly 7 in 10 Gen Z said contactless shopping was the primary reason they chose it.

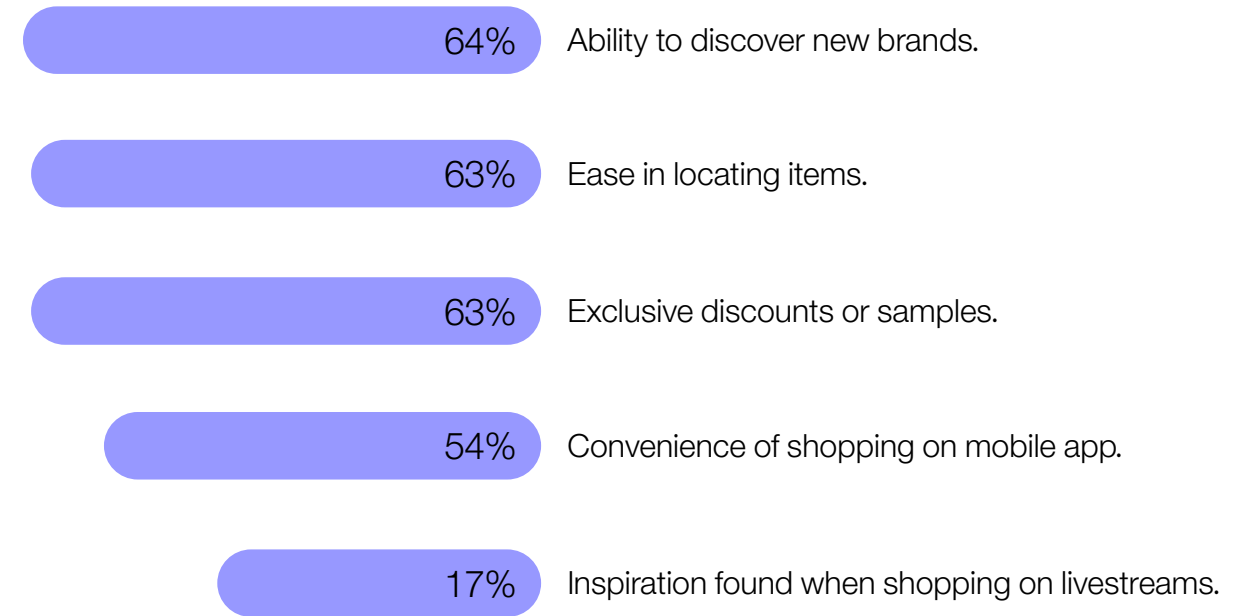
Even if there's no person-to-person contact, it's clear the overall experience can't be discounted. Research from dentsu shows that 86% of Gen Z and 91% of Millennials have the highest expectations when it comes to online shopping.⁴ Whether it's in-store or online, every interaction with a retailer needs to build trust and feel personalized.



68% of Gen Z say contactless options drive the bulk of their online shopping.

Brands should look to how they can align with retailers' loyalty programs, personalization, sustainable shipping, and same-day services (Drive Up, Pick Up and shipped to home) to make contactless shopping live up to expectations.

The other reasons for online shopping ranged from discovery to exclusive discounts, like from rewards programs.



Target enthusiasts.

Inspired. Engaged. And a sizable chunk of the Gen Z audience.

Three out of four Gen Z said they shop at Target, in line with our previous research that shows Target over-indexes in 18-44-year-olds compared to other retailers.³

When breaking down the behaviors of Target enthusiasts, we see clear

differences in frequency. In-store drives more of the “Target runs” but online drives more monthly visits. It's likely fresh groceries and other food items are driving both daily online and in-store visits.

75%

of Gen Z shops at Target on a monthly basis.

2x

Gen Z Target shoppers are 2x more likely to splurge on spending compared to their contemporaries who don't shop at Target.

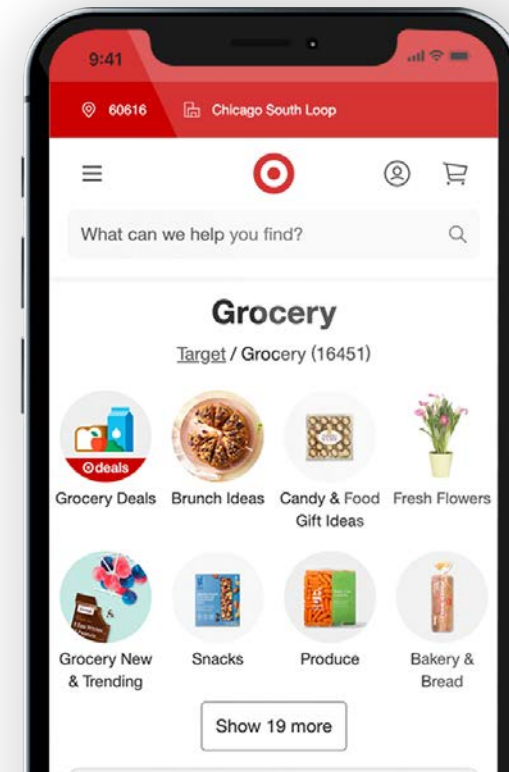
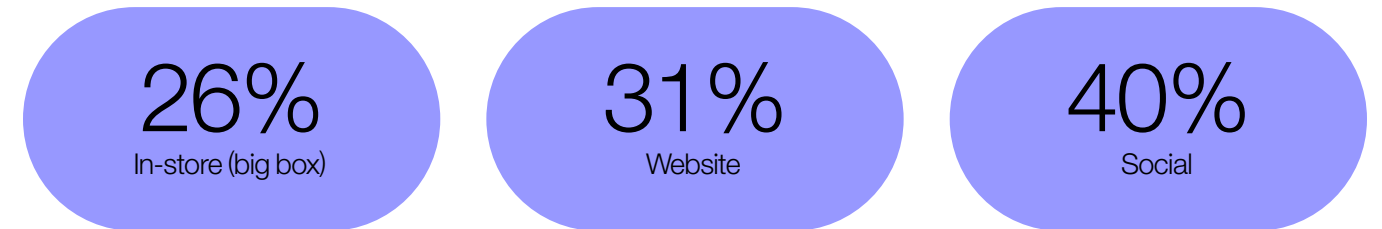
Digital media with a "Target Pick Up" icon or other fulfillment options has helped brands give guests a reason to pop-in to Target and browse before grabbing their order. Across your campaigns, look for ways to speak to not just what Target guests need, but how they shop. Lastly, keep in mind how the shopping experience can make them feel. Whether it's a reminder to stock up or inspiration for home/work, make your audience feel seen for who they are and what they want at the moment they see your ad.

Gen Z who shop at Target have clear expectations by channel.

Enjoyable



Inspiring



Splurging by lifestage.

With inflation remaining front and center in 2023, we thought it would be interesting to hear from Gen Z first-hand. When asked, "What was the last thing you splurged on," we got a range of responses.



Students

Splurges reflect the temporariness of their life stage, with fewer big-ticket hard goods purchased.

"Quite a few video games for my PS4."

"New clothes and a tablet."

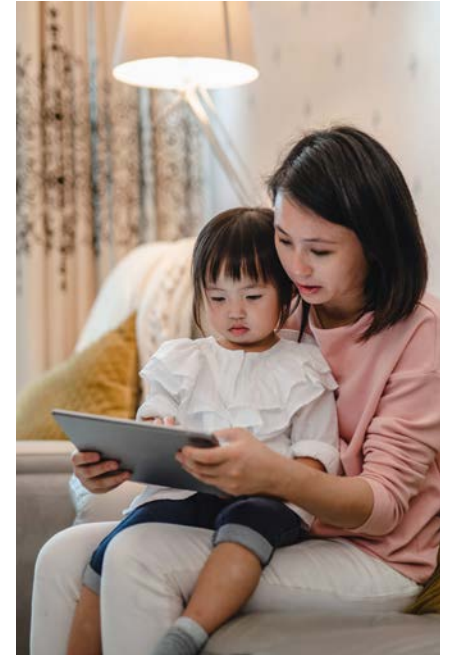


Workforce

Splurges reflect increased spending power and the new work environment.

"A couch for my new apartment, experiences for Christmas gifts, work from home setup."

"New car and home appliances."



Parents

Splurges reflect bigger paychecks with the purchase of experiential and social-feed-ready moments.

"Vacation to Italy before birth of first child."

"Buying an RV to go camping and take trips together."

"Bought my daughter a virtual reality device and my son a Nintendo Switch."

Gen Z Target guests—along with other generations—enjoy the occasional “treat yourself” moments. Consider weaving in messaging that resonates with what guests look to splurge on, such as products that enhance their day-to-day experiences.

Chapter 4: Media habits

The digital confluence.

How Gen Z consumes video is altering the media landscape, with TikTok and YouTube coming out on top for time spent.

Streaming TV is still a sizable audience, however, and as Gen Z ages and shoppable CTV matures, it might prove the perfect entry point for shifting the collective attention span back to the big screen.

In the meantime, social and retail sites reign supreme.



Where and how Gen Z spend the most time each week, ranked from most to least.

- 1 TikTok
- 2 YouTube
- 3 Instagram
- 4 Shopping online retail sites
- 5 Facebook
- 6 Searching for products
- 7 Streaming TV content
- 8 Browsing non-social websites
- 9 Pinterest

Influencers impact social purchases.

But so do Gen Z's friends.

73%

of Gen Z watch influencer videos. Gen Z shops through influencers 41% more than the general population (online & in-store).⁵

35%

of Gen Z and 37% of Millennials who are social shoppers discovered brands through a friend's post.⁴



Top 10 shopped categories from Creators by generation.¹

General population

- Beauty/personal care
- Clothes, shoes & accs.
- Electronics
- Cleaning supplies
- All natural & organic
- Grocery
- Beer, wine & spirits
- Movies, music & books
- Video games
- Health & wellness

Millennials

- Beauty/personal care
- Clothes, shoes & accs.
- Electronics
- Video games
- Cleaning supplies
- All natural & organic
- Baby
- Grocery
- Beer, wine & spirits
- Movies, music & books

Gen Z

- Beauty/personal care
- Clothes, shoes & accs.
- Electronics
- Entertainment
- Cleaning supplies
- Video games
- Gifts
- All natural & organic
- Beer, wine & spirits
- Movies, music & books

Roundel audience sizes based on top purchase categories.⁴

Beauty

- 75M Beauty
- 46M Skin care
- 33M Makeup
- 46M Hair care

Clothing, shoes, accs.

- 47M Women's
- 23M Shoes
- 30M Accessories

Electronics

- 40M Electronics (including video games)

In-store media can't be overlooked.

Whether it's to unwind, socialize with friends, or just pick up necessities, in-store shopping is big with Gen Z.

A multichannel approach that makes brand discovery and delight part of the in-store experience is a must.

Today's shoppers, including Gen Z, do research across the entire purchasing journey. At home, that might mean googling reviews before adding to cart. In-store, it increasingly means using a retailer's app or dot com to find inspiration and offers.



Target shoppers (not just Gen Z) are online even while in-store.⁸

76%

of Target guests use Target app or Target.com while shopping in-store.

91%

of Target guests who use Target.com or the app also take advantage of Target Circle™ offers.

Multichannel shoppers are best reached with a multichannel approach.

It's not news that the media landscape is more fractured and segmented than at any point in history. Yet even with all the digital (and non-digital) noise, it's still possible to create the right mix of full-funnel strategies to engage and inspire Gen Z where and how they live, work, shop, and unwind.

Roundel social solutions

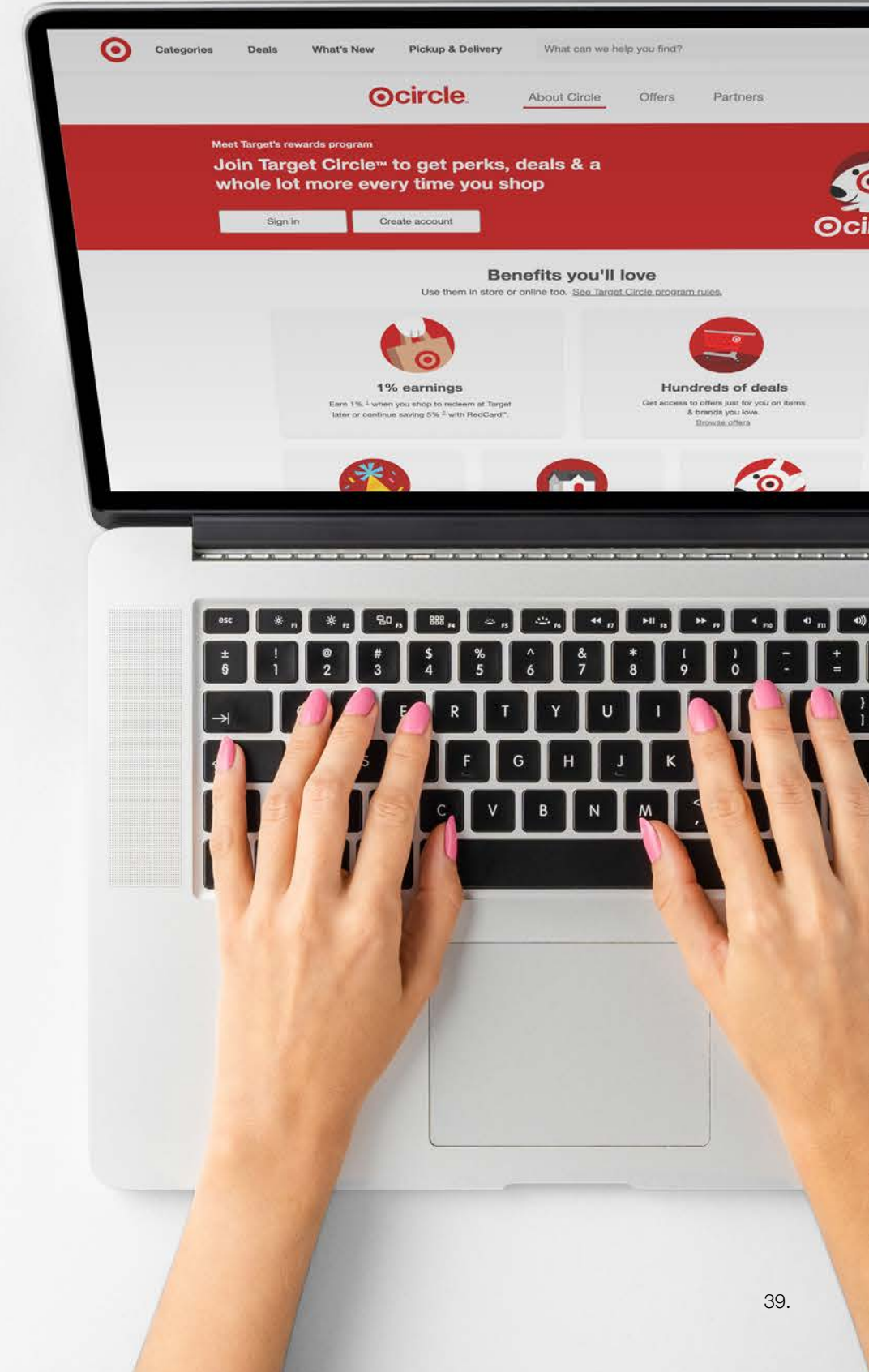
Brand opportunity: With 95% of all Target guests using social weekly, you can create custom audiences by generation (including Gen Z or Gen Z + Millennials) against top-shopped categories.⁹ Our turnkey solution—Influencers by Roundel™—paired with Social by Roundel™ can lessen your time investment while helping your brand drive awareness alongside social commerce.

Roundel multichannel solutions

With a “One Target” approach, Roundel can connect your digital campaigns to in-store campaigns with Target creative. So you can truly inspire our Gen Z guests when and how they shop.

Campaign extensions include:

- Physical store displays
- Sampling and couponing
- Exclusive and personalized deals and rewards through Target Circle™
- Target Product Ads by Roundel™ for sponsored search to reach those browsing in-store
- Display by Roundel™ to reach those shopping in-store with their phones. Think whole site display campaigns as well as registry pages





Chapter 5: Conclusion

Meeting Gen Z where they are.

For the next decade or so, think in terms of the three Gen Z lifestages.

In 10 years' time:

- The youngest Gen Z who are 11 years old today will be in college or the workforce.
- Gen Z who are students/working today will more closely resemble the Gen Z parents we talked to.
- The oldest Gen Z will be 36, roughly in the middle of the Millennials we talked to (ages 27-42 today).

While earnings will certainly change for many Gen Z as they reach adulthood or near middle age, their core values will likely stay constant. Brands that best align with core values today and stay true to them can gain a loyal fan base.

Listen. Learn. Grow. Adapt.

Here are some recommendations for gaining Gen Z trust and loyalty.

1. Social media is a given with Gen Z. Look for ways to create authentic conversations, whether you're leveraging creator content through influencer marketing or using your own in-house team. In general, avoid the hard sell and look to create a connection.
2. Maintain a multichannel approach. Gen Z appreciate both the convenience and experience of big box stores. Look for a retail media partner that closely aligns not just with how they shop, but also with their core values and love of experiences. Then tie it all together across the funnel from awareness (social, CTV) through consideration with display to encouraging trial/purchase through display and in-store.
3. Think in terms of key life moments. High school graduation, joining the workforce, college graduation, first house, marriage, first child—registry advertising covers many of these moments. Personalized offers through a rewards program can help speak to the rest as well as create loyalty based on providing value and responding to needs.
4. Reevaluate frequently based on the latest insights from your retail media partner. With a collaborative approach, you can ensure that you are truly meeting Gen Z where they are and how they want to be reached.





About Roundel™

As Target's media network, we design curated experiences to create a better connection between brands and Target guests. We offer both self- and managed-service solutions that help brands create moments that are relevant, trusted, and helpful. All backed by our first-party data and measurement that proves value—whether that's on Target's own platforms (think Target.com), the top video and social platforms, Google, or 150+ brand-positive publisher sites.

Learn how Roundel can support your media strategies at Roundel.com.

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Sources

¹ Mintel Marketing to Gen Z, US – 2022

² "Earth Day Marketing: How to Speak Up for the Planet," Iterable 2021. iterable.com/blog/earth-day-marketing/

³ Target 101 internal data

⁴ dentsu Consumer Navigator — Retail & eCommerce 2023

⁵ LTK 2023 Shopper Study

⁶ LTK 2022 Summer Shopper Study

⁷ Target internal data, May 2023

⁸ Roundel survey to 2,500 current Target shoppers, April 2022

⁹ Roundel Consumer Insights 2021: Channel Synergy Digital Ad Sentiment