

Gen Z teens switch to off-price retailers, Amazon as inflation weighs on spending

Article

The insight: Inflation is beginning to weigh on Gen Z teens' spending. Self-reported spending among the cohort fell 1% year-over-year (YoY) in September, and was down 4% compared

with the spring, [per](#) Piper Sandler's semiannual Gen Z survey. That's the first decrease since before the pandemic.

Trends to watch: Teens are gravitating toward off-price and ecommerce retailers, which gained 545 and 121 basis points respectively YoY at the expense of discount, specialty, and outlet operators.

- **Amazon** continues to be the ecommerce site of choice for the majority—55%—of teens, despite the best efforts of **Shein** and **Temu** to undercut the former's dominance with ultralow prices.
- Similarly, companies are having a difficult time knocking **Nike** off its perch as teens' favorite footwear and apparel brand, although **lululemon athletica** and buzzy sneaker brands **On Running** and **Hoka** are making inroads, especially among wealthier shoppers.
- And as in the broader market, teen beauty spending is proving resilient. Spending on cosmetics, skincare, and fragrance rose 23% YoY, while specialty retailers like **Sephora** and **Ulta** increased their share of wallet to 79%.

The big takeaway: Teen consumption is proving to be just as vulnerable to the effects of inflation and economic uncertainty, likely because the vast majority of their spending (62%) is funded by their parents.

- Even so, there are areas of strength—most notably beauty, ecommerce, and off-price retail—where teens remain happy to spend.

Types of Retailers US Gen Z Consumers Shop Most Frequently, March 2023

% of respondents

Discount/off price retailers (T.J. Maxx, Marshalls, Kohl's, Walmart, Target, etc.)

48%

Dollar/variety stores (Dollar General, Family Dollar, etc.)

25%

Specialty retailers (Express, Abercrombie, Best Buy, Apple, Sephora, Bath and Body Works, etc.)

24%

Fast fashion retailers (Shein, Zara, Uniqlo, H&M, etc.)

22%

Department stores (Macy's, Dillard's, JCPenney, Bloomingdales, etc.)

21%

Thrift/second-hand (The RealReal, ThredUp, etc.)

13%

Peer-to-peer (Etsy, Depop, etc.)

11%

Facebook Marketplace

11%

Upscale/luxury retailers (Ralph Lauren, Gucci, etc.)

9%

Note: ages 16-26; online or in-store

Source: ICSC. "The Rise of the Gen Z Consumer: Career-Driven, Credit-Averse and Tempted by Immersive Retail," June 7, 2023

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