

Nike, Ulta among Gen Z's favorite brands

Article

According to [Piper Sandler's 45th semi-annual survey of US teen consumers](#), Gen Z spending was up 2% YoY to \$2,419 annually.

Here's what the survey's key findings mean for teens' shopping and buying behaviors.

Nike stays the favorite

The stat: Nike remains the No. 1 brand for teens in both apparel and footwear. Ugg broke into the top 10 favorite footwear brands, ranked at No. 7, while Crocs and Hey Dude both gained around 25 basis points of share YoY.

Our view: 2023 could be a make-or-break year for Nike, according to our analyst Rachel Wolff, as it faces competition from affordable brands and new players. So far, so good, as revenues for the quarter ending February 28, 2023 were up 14% YoY. But the sportswear brand may need to return to its wholesale roots to stay successful, said Wolff.

“Despite Nike’s recent focus on D2C, the company is rebuilding its relationship with retail partners like Foot Locker and Dick’s Sporting Goods, which could signal a larger shift back to wholesale,” said Wolff.

Ulta Beauty wins at loyalty

The stat: Ulta stayed the No. 1 beauty destination for Gen Z consumers and held the strongest beauty loyalty membership, with 63% of female teens belonging to its loyalty program.

Our view: The beauty category has remained resilient despite consumers pulling back spend in nearly all discretionary categories. Ulta, whose annual revenues surpassed \$10 billion for the first time last year, is evidence that the “lipstick effect” is in full swing.

Brands can look to Ulta for a case study in doing loyalty right. The company recently reached over 40 million members in its rewards program and even has its own brand ambassadors on social media.

Online shoppers turn to Amazon

The stat: Over half (57%) of Gen Zers say Amazon is their No. 1 favorite ecommerce site, followed by Nike, Shein, lululemon athletica, and PacSun.

Our view: Amazon may still be ranked first among ecommerce sites, but consumers are increasingly turning to social platforms like TikTok, Instagram, and YouTube to begin their product searches.

Maintaining search relevance among shoppers (especially younger ones) will increasingly become about product discovery. To keep up, Amazon has added a customized, shoppable content feed called Inspire to encourage shoppers to spend more time and money on its platform.

But the challenge is that consumers don’t generally come to Amazon to be inspired or entertained—they usually have already decided what they want. If Amazon wants Inspire to succeed, it needs to find a way to change the way consumers interact with its platform.

Apple Pay checks out

The stat: Apple Pay ranked No. 1 for payment apps used within the last month, followed by Cash App.

Our view: **Gen Z's affinity for Apple**-branded products and services put its mobile payment app at the top of their list. And now, with the launch of Apple Pay Later, it may become a fast favorite among teen buy now, pay later (BNPL) users.

We forecast that the number of US Gen Z BNPL users will grow 16.1% this year to reach 26.3 million. And that number will keep growing: By 2026, BNPL users will make up over half (50.1%) of Gen Z consumers.

Save the planet—and some money

The stat: Shopping channel preferences shifted to off-price and secondhand retailers.

Our view: It's not surprising that teens are becoming increasingly cost-conscious amid rising prices. But even before inflation began to creep up, Gen Z was a driving force behind the secondhand market's growth, drawn to its eco-friendly, affordable nature.

According to our "**US Resale Forecast 2023**" report, the US resale market will grow more than twice as fast as the traditional retail category this year, with total resale volume reaching \$110.92 billion. Ecommerce resale will also grow this year, driven by peer-to-peer marketplaces like Depop, OfferUp, and Poshmark, which Gen Z consumers use at much higher rates than the average.

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