2023

BRAND GOODNESS REPORT: A GEN Z PERSPECTIVE

Created in partnership with Loyola Marymount University's Institute for Business Ethics & Sustainability and leading Gen Z agency NinetyEight.

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Loyola Marymount University College of Business Administration

IBES

98 NinetyEight

M S C H O O L -

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TL;DR

01.

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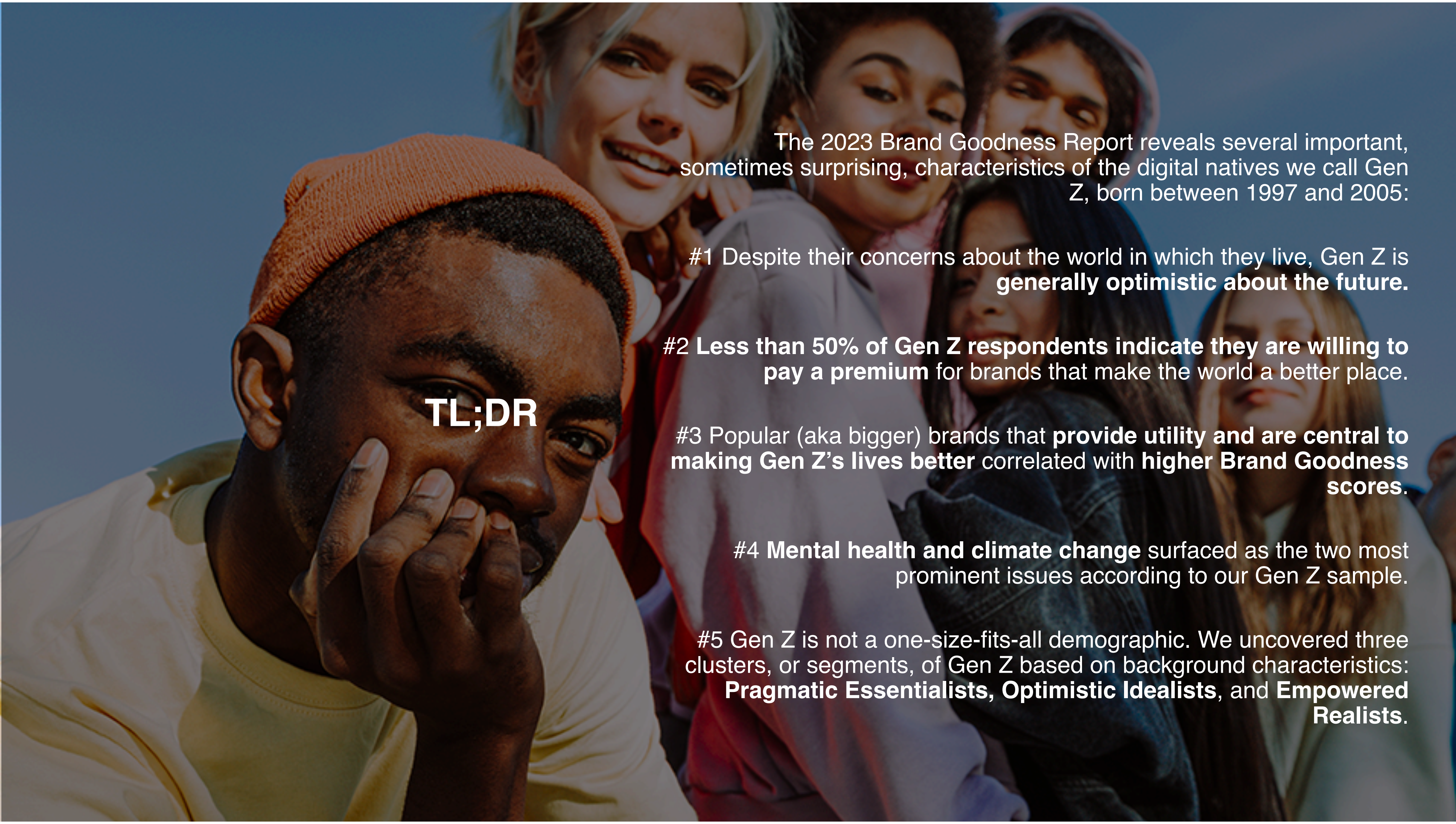

TL;DR

The 2023 Brand Goodness Report reveals several important, sometimes surprising, characteristics of the digital natives we call Gen Z, born between 1997 and 2005:

#1 Despite their concerns about the world in which they live, Gen Z is **generally optimistic about the future.**

#2 **Less than 50% of Gen Z respondents indicate they are willing to pay a premium** for brands that make the world a better place.

#3 Popular (aka bigger) brands that **provide utility and are central to making Gen Z's lives better** correlated with **higher Brand Goodness scores**.

#4 **Mental health and climate change** surfaced as the two most prominent issues according to our Gen Z sample.

#5 Gen Z is not a one-size-fits-all demographic. We uncovered three clusters, or segments, of Gen Z based on background characteristics: **Pragmatic Essentialists, Optimistic Idealists**, and **Empowered Realists**.

WHY THIS, WHY THEM, WHY NOW?

02.

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Why This, Why Them, Why Now?

Why this? Given the central role that Gen Z plays in today's new brand world, the inaugural 2023 Good Brands Report examines a national sample of 1,228 Gen Z respondents and ranks their perceptions of 100 diverse brands across 16 industry categories, ranging from Consumer Electronics to Fast Fashion. We score these 100 brands on the dimension of Brand Goodness, or the extent to which these brands are making the world a better place to live in terms of improving the planet and its people.

Our primary motivation was to explore Gen Z's perceptions of issues that matter the most to them and which brands are perceived as doing "good" for the planet and its people. Our focus on Gen Z is based on the assumption that Gen Z views brands through a unique and discerning lens that encompasses local and global issues such as social justice and climate change.

So, we set out to explore the Gen Z mindset related to these issues and the brands they buy.

Why them? Studies show that Gen Z represents 20% of the U.S. population with $360 billion in buying power (1, 2). Gen Z is also a market force in terms of its sheer size and spending power. In terms of sustainability, reports show that eight out of ten Gen Zs want businesses and brands to do more to make sustainable and environmentally-friendly products more affordable and accessible (3). A widely-held belief is that Gen Z consumers view brands through the lens of how well these brands serve as protectors of the planet and its people: what we call **brand citizenship**.

Why now? Good planets are hard to find. And our planet faces massive challenges: global warming, social injustice and inequality, trash piling up in the oceans. Increasingly, **brand citizenship**—where brands act as responsible stewards rather than irresponsible institutions prioritizing profits over the planet and its people—represents a meaningful force for change. "When the world's on fire and brands have money — it is time for brand citizenship."(4)

FUTURE OPTIMISM & BRAND PREMIUM SCORES

03.

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Optimistic

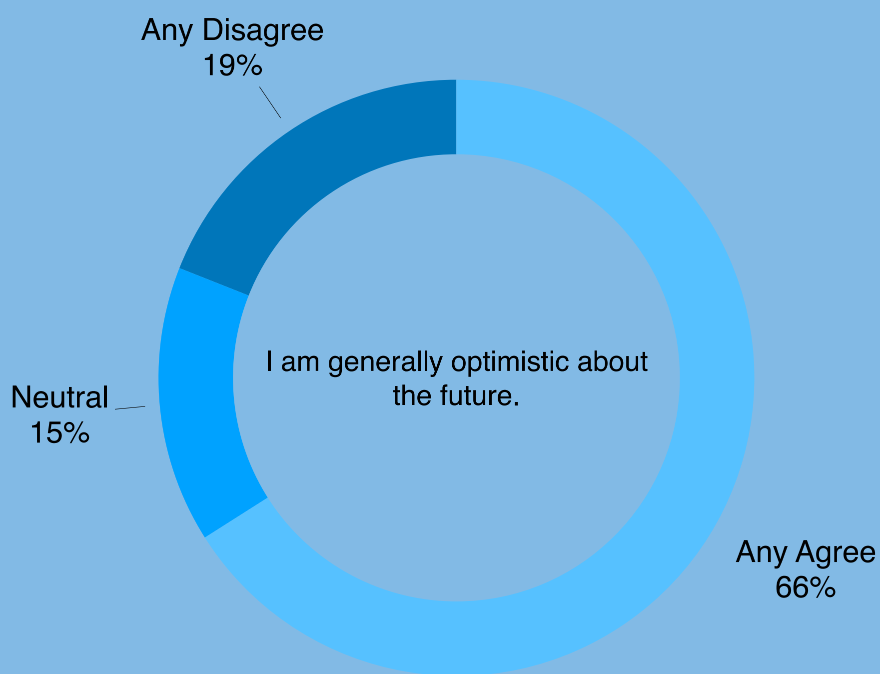
66%

26% of respondents strongly agreed and **40% somewhat agreed** that "I am generally optimistic about the future."

Paying a Premium

47%

14% of respondents strongly agreed and **33% somewhat agreed** that "Given two similar brands, I would pay more for the brand that makes the world a better place through its products or services, its stand on social justice and support of its employees."



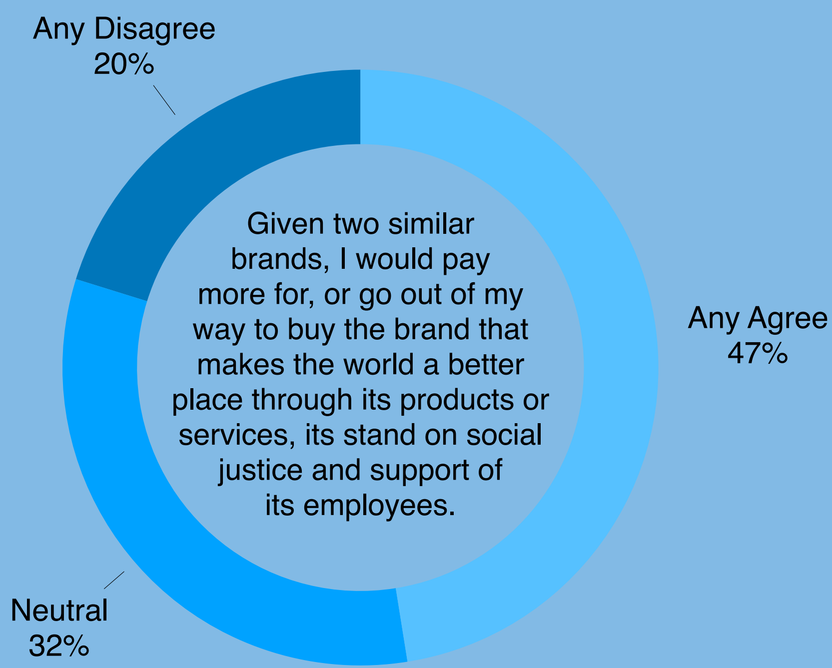
Future Optimism.

We first assessed the extent to which our Gen Z respondents feel optimistic about the future. Turns out, this generation seems relatively optimistic.

26% of respondents strongly agreed and **40% somewhat agreed** that “I am generally optimistic about the future” whereas 7% strongly and 12% somewhat disagreed with this statement.

Not surprisingly, we also found that greater financial well-being is correlated with future optimism. The more well off you feel, the more optimistic you are about the future.

Goodness Premium.



We next assessed the extent to which respondents are prepared to pay a premium to buy brands that make the world a better place.

14% of respondents strongly agreed and **33% somewhat agreed** that “Given two similar brands, I would pay more for, or go out of my way to buy, the brand that makes the world a better place through its products or services, its stand on social justice and support of its employees.” Twenty percent either strongly or somewhat disagreed with this statement.

Not surprising, greater financial well-being is also correlated with willingness to pay a goodness premium. The more well off you feel, the more likely you are to pay a goodness premium for brands that are making the world a better place.

Financial Status.

We also assessed perceptions of financial well-being.

A majority of respondents indicated they were just getting by (30.1%) or doing OK (22.7%). Self-reports of financial comfort (doing well or very well) and struggle were evenly distributed among the sample. Financial status was not correlated with age.

04.

SUSTAINABLE DEVELOPMENT GOALS

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United Nations SDGs.

Next, we explored the relative importance of the United Nations Sustainable Development Goals (SDGs) according to Gen Z.

We included 14 of the 17 UN SDGs. For survey clarity and brevity, we excluded *Industry, Innovation and Infrastructure*, *Reduced Inequalities* and *Partnership for the Goals* in respondents' choice of SDGs.

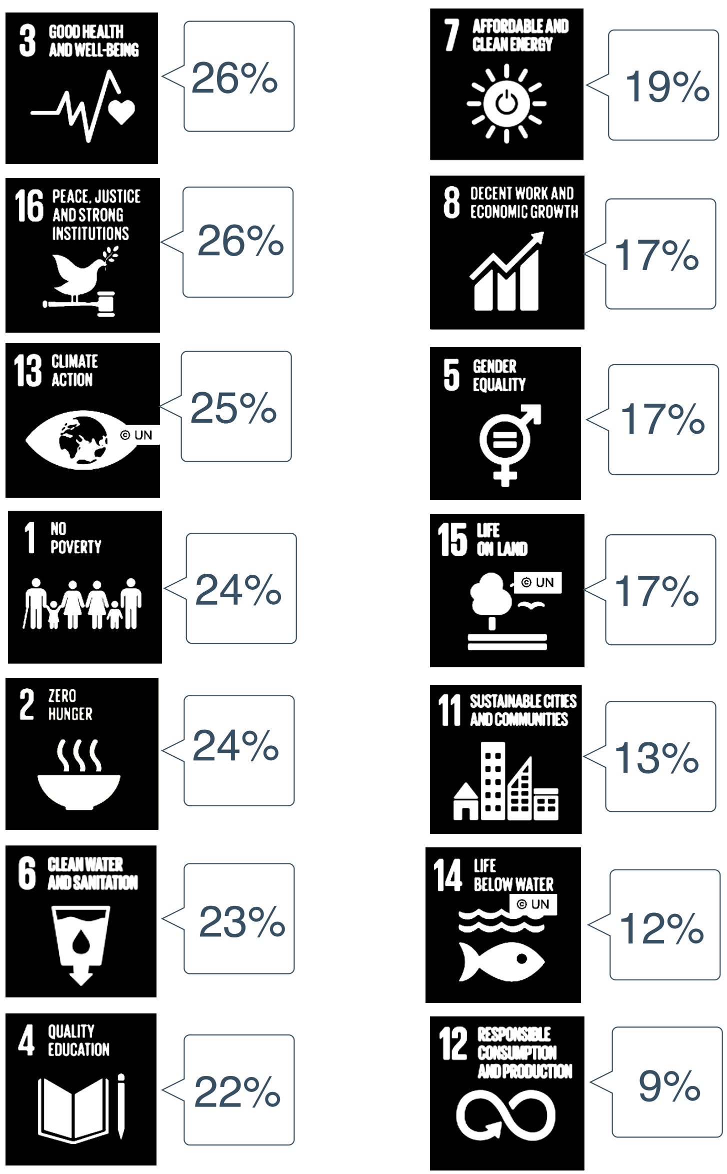
UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Top Three SDGs according to Gen Z.

01 GOOD HEALTH

02 PEACE & JUSTICE

03 CLIMATE ACTION



Overall SDGs.

Respondents were asked to identify their top two SDGs in terms of relative importance.

The chart to the left highlights the % of respondents who chose an SDG as one of their top two overall. It's notable that *climate action* was one of the top SDGs chosen, while *responsible consumption and production* was the lowest, with only 9% of respondents choosing it as one of their top two.

UN SDGs Break Outs

The following pages highlight differences in SDG ranking by:

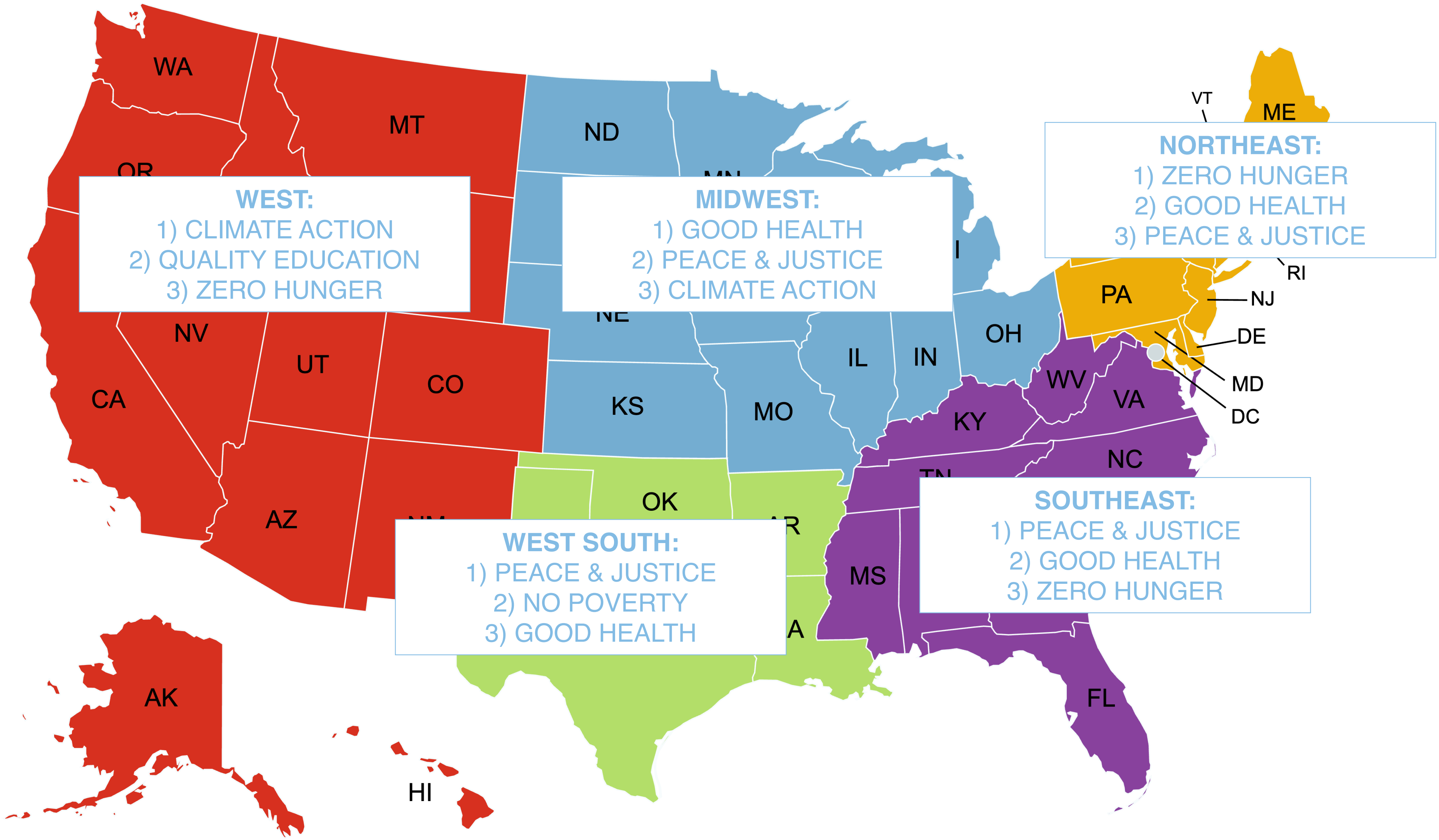
1. Gender
2. Location
3. Race/ Ethnicity
4. Future Optimism
5. Financial Well-Being

Females
Top Three SDGs

1. Peace & Justice
2. Climate Action
3. Good Health

Males
Top Three SDGs

1. Peace & Justice
2. Good Health
3. Quality Education



WEST:
1) CLIMATE ACTION
2) QUALITY EDUCATION
3) ZERO HUNGER
MIDWEST:
1) GOOD HEALTH
2) PEACE & JUSTICE
3) CLIMATE ACTION
NORTHEAST:
1) ZERO HUNGER
2) GOOD HEALTH
3) PEACE & JUSTICE
WEST SOUTH:
1) PEACE & JUSTICE
2) NO POVERTY
3) GOOD HEALTH
SOUTHEAST:
1) PEACE & JUSTICE
2) GOOD HEALTH
3) ZERO HUNGER
WA
MT
ND
VT
ME
RI
PA
NJ
DE
MD
DC
OH
IL
IN
WV
VA
KY
NC
NV
UT
CO
CA
KS
MO
OK
AZ
MS
FL
AK
HI

Asian /Pacific Islander/ Asian Indian/ South Asian

1. Peace & Justice
2. Zero Hunger
3. Good Health

Black/ African American

1. No Poverty
2. Peace & Justice
3. Zero Hunger

Hispanic/ Latinx

1. Climate Action
2. Peace & Justice
3. Clean Water

White/ Caucasian

1. Peace & Justice
2. No Poverty
3. Zero Hunger/ Climate Action

Future Optimism
Not Optimistic

1. Good Health
2. Responsible Consumption
3. Climate Action

Future Optimism
Optimistic

1. Peace & Justice
2. Good Health
3. Climate Action

Financial Status
(Struggling + Somewhat Struggling)

1. Clean Water
2. Good Health
3. Quality Education

Financial Status
(Doing OK)

1. Good Health
2. Climate Action
3. Peace & Justice

Financial Status
(Doing Well + Doing Very Well)

1. Peace & Justice
2. Good Health
3. Zero Hunger

05.

SOCIAL ISSUES

Overall Social Issues.

Social Issue	%
Mental Health	45%
Climate Change	29%
Racial Justice	24%
World Peace	23%
LGBTQ+ Rights	22%
Women's Health	20%
Physical Health	21%
Access to Healthy Food	20%
Animal Welfare	16%
Body Image	16%
Employee Rights	14%
Social Media Addiction	9%

On a personal level, respondents were asked to identify their top two social issues in terms of relative importance.

The chart to the left highlights the % of respondents who chose a specific social issue as one of their top two overall.

Two issues—**Mental Health and Climate Change**—were selected consistently across gender, location and race/ ethnicity.

Top Issues.

01 Mental Health

45%

02 Climate Change

29%

03 Racial Justice

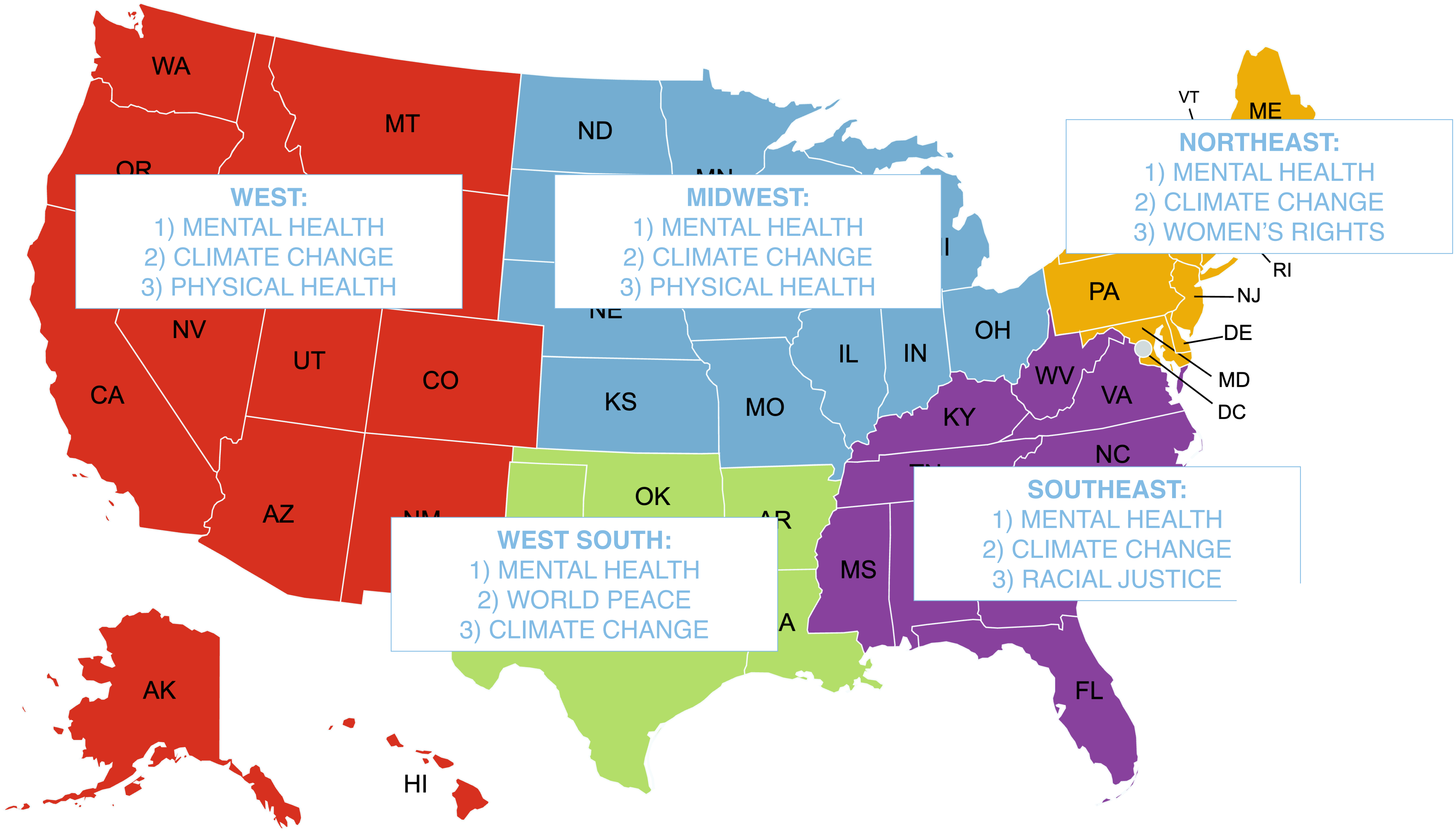
24%

Females
Top Three Social Issues

1. Mental Health
2. Climate Change
3. Women's Rights

Males
Top Three Social Issues

1. Mental Health
2. Climate Change
3. Physical Health


WEST:
1) MENTAL HEALTH
2) CLIMATE CHANGE
3) PHYSICAL HEALTH
MIDWEST:
1) MENTAL HEALTH
2) CLIMATE CHANGE
3) PHYSICAL HEALTH
NORTHEAST:
1) MENTAL HEALTH
2) CLIMATE CHANGE
3) WOMEN'S RIGHTS
WEST SOUTH:
1) MENTAL HEALTH
2) WORLD PEACE
3) CLIMATE CHANGE
SOUTHEAST:
1) MENTAL HEALTH
2) CLIMATE CHANGE
3) RACIAL JUSTICE
WA
MT
ND
VT
ME
NV
UT
CO
CA
KS
MO
IL
IN
OH
PA
RI
NJ
DE
MD
DC
WV
VA
KY
NC
OK
MS
AZ
FL
AK
HI

Asian /Pacific Islander/ Asian Indian/ South Asian	Black/ African American	Hispanic/ Latinx	White/ Caucasian
1. Mental Health	1. Mental Health	1. Mental Health	1. Mental Health
2. Climate Change	2. Climate Change	2. Climate Change	2. Climate Change
3. Access to Healthy Food	3. Women's Rights	3. Racial Justice	3. Racial Justice

BRAND GOODNESS SCORES

06.

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Brand Goodness Measure

Brand Goodness perceptions were assessed through the following statement:

Thinking about the following 10 brands, please score each of them on the extent to which you believe these brands make the world a better or worse place to live in terms of improving the planet and its people. Please use the sliding scale below to score each of the 10 brands, where -50 = makes the world a worse place and +50 = makes the world a better place.

If you are not familiar with the specific brand, please check the box "Not Aware" to the right of the scale.

More Good!

Google

CVS

Spotify

seventh generation

YouTube

THE NORTH FACE

SONY

TARGET

mastercard

Top 10

Brands that scored the highest overall among Gen Z for brand goodness —our "Good!" Top 10—included big tech brands (Google, Spotify, Youtube, Apple), healthcare and big mass retail (CVS and Target), a B Corp (Seventh Generation), an apparel brand (The North Face), consumer electronics (Sony)) and a financial services brand (Mastercard).

Bottom 10

Brands that scored the lowest overall among Gen Z for brand goodness included fast fashion (SHEIN, Forever 21), a beer (Budweiser), an airline (Spirit), lots of social media (Twitter, Facebook, Instagram and Snapchat), an upstart athletic apparel brand (Vuori) and some fast food (Burger King).

Ungood?

SHEIN

Budweiser

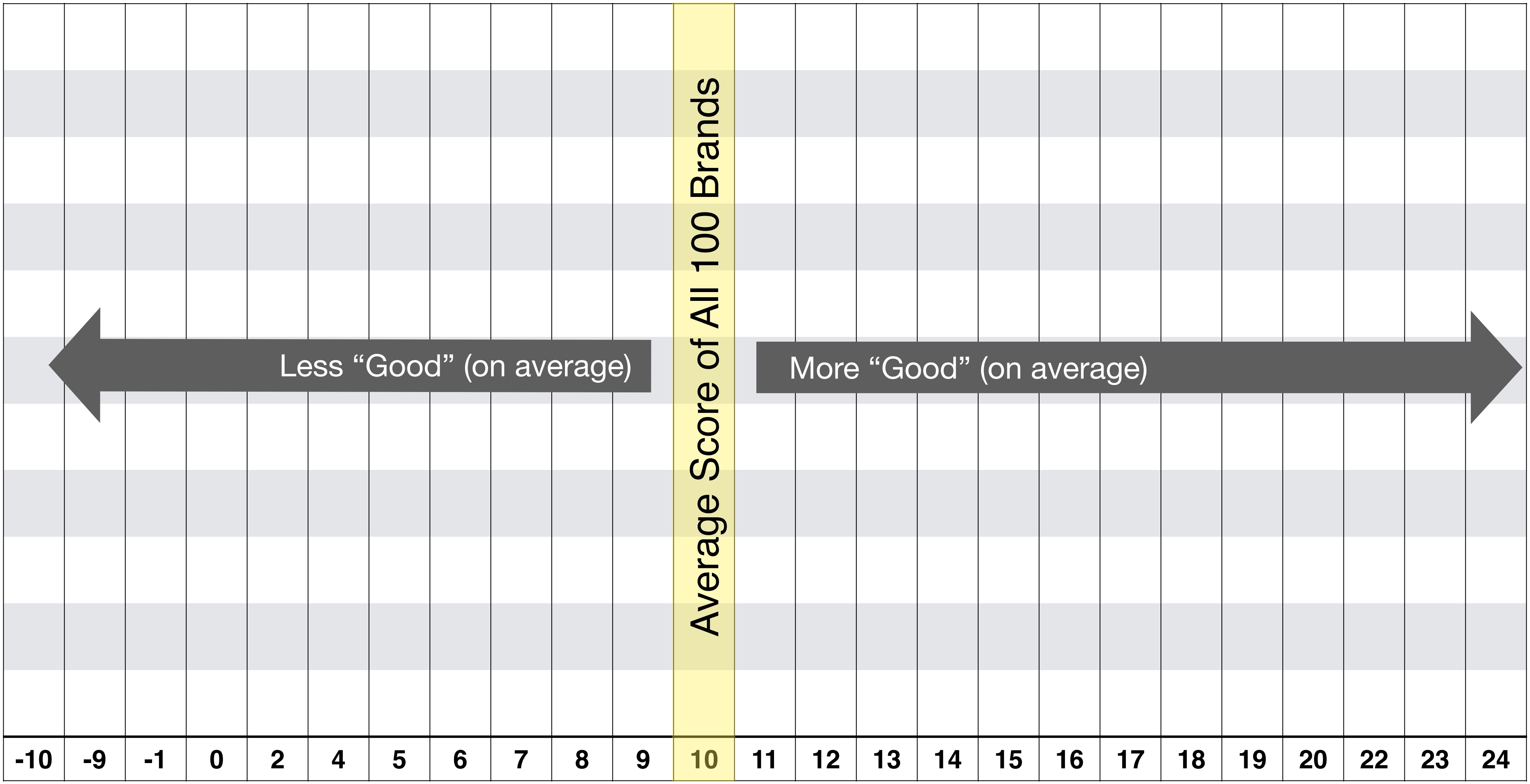
spirit

facebook

FOREVER 21

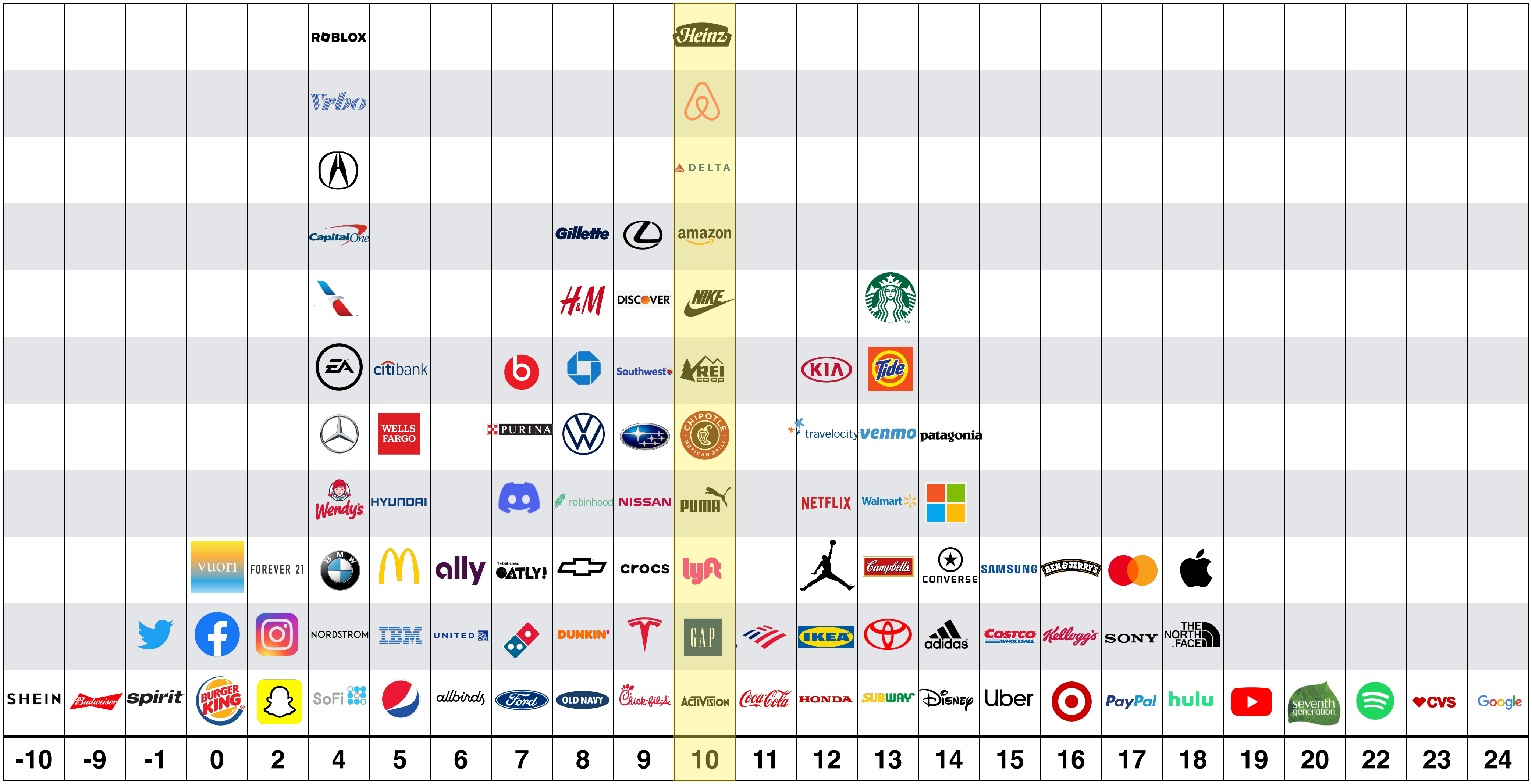
Instagram

Brand Goodness Rankings (mean scores)



Ranked by mean Brand Goodness scores in the far left column, where -50 = makes the world a worse place and +50 = makes the world a better place

Brand Goodness Rankings (mean scores)



Ranked by mean Brand Goodness scores in the far left column, where -50 = makes the world a worse place and +50 = makes the world a better place

Brand Categories.

Airlines: American, Delta, Southwest, Spirit, United

Athletic Footwear & Apparel: Nike, adidas, Converse, Puma, Allbirds, Vuori, Crocs

B Corps: Ben & Jerry's, Allbirds, Patagonia

Big Five Tech: Facebook, Amazon, Apple, Netflix, Google

Consumer Electronics: Microsoft, Beats, Sony, Samsung, Apple, IBM

CPG: Gillette, Oatly!, Heinz, Tide, Seventh Generation, Coca-Cola, Pepsi, Budweiser, Purina, Kellogg, Campbell's

Entertainment: Beats, Spotify, Disney, Hulu, YouTube, Netflix, Activision, EA, Roblox

Fast Fashion: SHEIN, Forever 21, Old Navy

Financial Services: Ally, BOA, Capital One, Chase, Citibank, Discover, Mastercard, SoFi, Robinhood, PayPal, Venmo, Wells Fargo

Gaming: EA, Activision, Roblox

Luxury Automotive: Acura, BMW, Lexus, Mercedes, Tesla

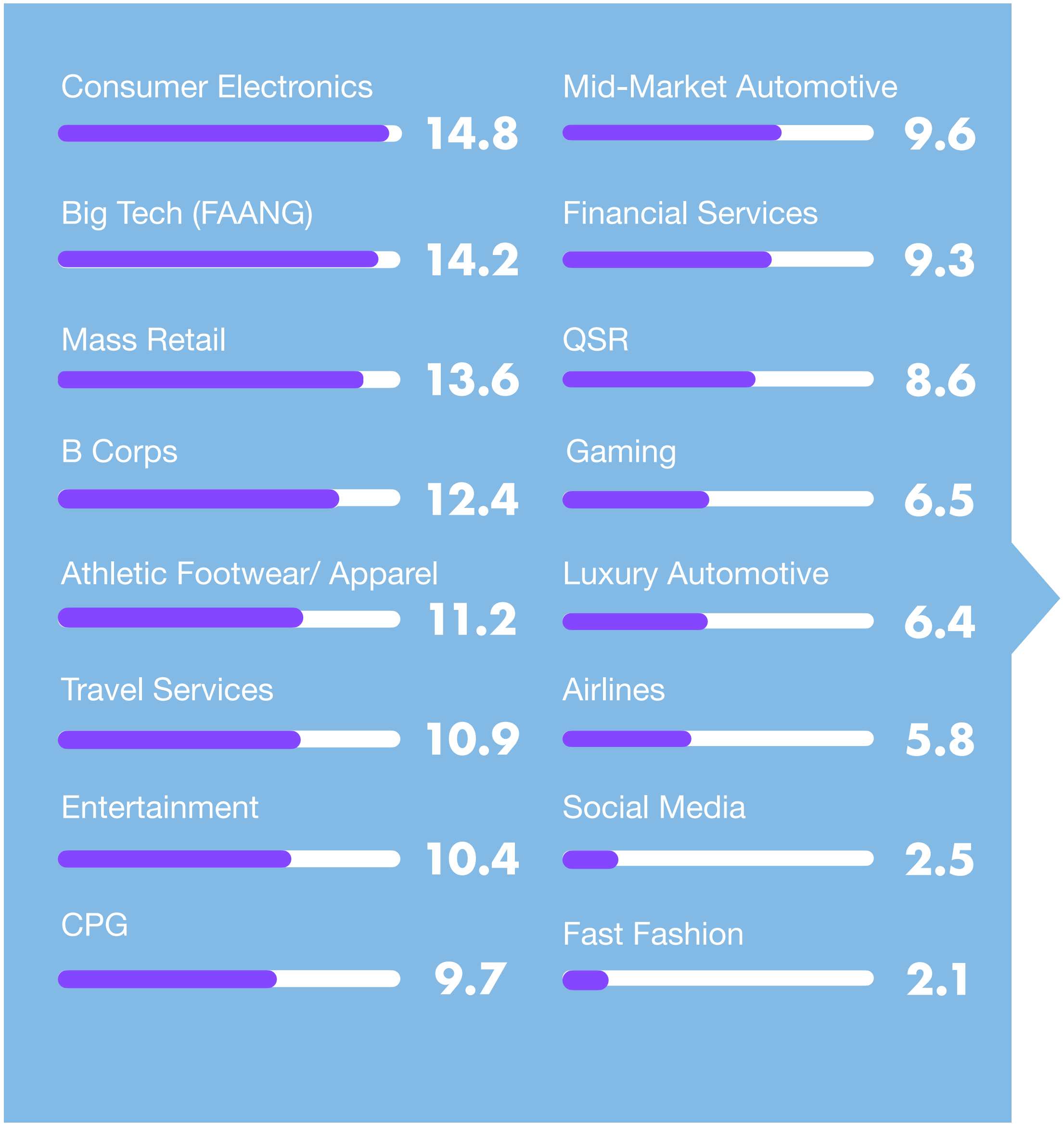
Mass Retail: Amazon, Costco, IKEA, Nordstrom, CVS, Target, Wal-Mart

Mid-Market Automotive: Chevy, Ford, Honda, Hyundai, Kia, Nissan, Subaru, Toyota, VW

QSR: Burger King, Dunkin, McDonald's, Chipotle, Chik Fil A, Dominos, Starbucks, Wendy's, Subway

Social Media: Facebook, Instagram, Snapchat, Discord, Twitter

Travel Services: Uber, Lyft, Travelocity, VRBO, Airbnb



Category Rankings.

Brand Goodness rankings* across the 16 industry categories show consumer electronics, big tech, mass retail, B Corps and athletic footwear and apparel at the top and with airlines, social media and fast fashion at the bottom.

*based on aggregate brand goodness score within the category (-50 to +50)

One Word?

We partnered with Gen Z agency NinetyEight and its Gen Z panel—the Koi Pond—to ask Gen Zs what one word or phrase describes our **"Most Good"** and **"Least Good"** brands.

Here's what they told us:

Google

Information
Search
Maps
Innovative
Necessary

CVS

Pharmacy
Medicine
Prescriptions
Convenient
Condoms

Spotify

MUSIC!
Cool
Wrapped
Creative
Edgy

YouTube

Ads
Stream
Tutorials
Entertainment
Childhood Memories

Seventh Gen

Organic
Cleaning
Plant-based Detergent
Grandma
Soap

SHEIN

Cheap
Ew
Not Sustainable
Exploitative
Unethical

Spirit

Cheap flights
Yellow
Never
Scam
LOL

Budweiser

Can
Controversy
Horse
Dylan
Dads

07.

SEGMENTATION ANALYSIS

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Digging Deep:

Using 1,228 responses across factors such as age, gender, location, race, and future optimism, we conducted a **cluster analysis** resulting in a statistically significant segmentation with three unique groups within Gen Z. The three segments and their relative size are shown here:

01

Pragmatic Essentialists

43%

02

Optimistic Idealists

27%

03

Empowered Realists

30%

PRAGMATIC ESSENTIALISTS

The **Pragmatic Essentialist** is more likely not to be optimistic about the future and disagrees with paying more for a brand that makes the world a better and just place.

Among the SDG goals, they are more aligned with Responsible Consumption and Zero Hunger, and their concerns related to social issues are primarily focused on Access to Healthy Food.

Pragmatic Essentialists are more likely to have a high school (or equivalent) degree and most respondents in this segment disagreed when asked if they were financially well off.

OPTIMISTIC IDEALISTS

The **Optimistic Idealist** more likely represents the younger population within Gen Z. They are highly optimistic about the future and agree with paying more for a brand that makes the world a better and just place.

Optimistic Idealists are aligned with a wide range of concerns among the SDGs, including: Responsible Consumption, Zero Hunger, Climate Action, Good Health, Quality Education, Gender Equity, Clean Water, Affordable Energy, and Peace & Justice.

They are also aligned with a wide range of social issues, including Body Image, Climate Change, LGBTQ+ Rights, Racial Justice, Women's Rights, Mental and Physical Health, World Peace, Access to Healthy Food, and Animal Welfare.

Optimistic Idealists are more likely have some college education and most respondents in this segment agreed when asked if they were financially well off.

EMPOWERED REALISTS

The Empowered Realists represent the older population of Gen Z. They are highly optimistic about the future and agree with paying more for a brand that makes the world a better and just place.

Among the SDGs, they are more aligned with Sustainable Cities and Good Health. Their concerns on social issues are focused on Body Image, Mental Health, and Animal Welfare.

The Empowered Realist more likely has a graduate degree and most respondents in this segment agreed when asked if they were financially well off.

08.

TAKEAWAYS

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Our Thoughts on Brand Goodness

Brand "goodness," in terms of helping people and the planet, reflects (mostly) large brands that play a central, utilitarian role in the lives of Gen Z. **Google, Apple, Spotify, YouTube** and **CVS** ranked highest in the brand goodness scores.

One B Corps brand, **Seventh Generation**, made it to the top 10. Other brands that we would have expected to shine, such as **Patagonia, Ben & Jerry's, Allbirds** (all B Corps brands) and the plant-based milk substitute **Oatly!** lagged relative to the top 10.

This suggests that Gen Z perceives brand goodness as a reflection of the brand's role in helping making their lives better, through technology, health care, entertainment and, yes, concern for the environment (**Seventh Generation**).

Final Thoughts:

Six takeaways

#1 **Will people pay a premium? Maybe.** Willingness to pay a premium for brands that are helping protect the planet and its people is independent of perceived financial well-being. This suggests that Gen Z's buying decisions are based more on values and less on pocketbook.

#2 **Avoid being ungood.** Bottom of the list brands (e.g., SHEIN, Budweiser, Spirit) are often in the news. Make "goodness" in terms of helping the planet and its people part of your brand DNA.

#3 **Size matters, invest in growth**. Bigger brands get more credit for being good citizens (whether they deserve it or not). Do good and invest in growth rather than mere perception.

#4 **Focus on planet health and mental health.** Global and local issues are highly personal, yet mental health and climate change stand out among Gen Z.

#5 **It's All Good.** Stop with the heavy stuff. Gen Z is doing OK in terms of self-reported future optimism and financial well being. When it comes to messaging tonality, avoid doom and gloom and reflect the positive.

#6 **Gen Z is not a one-size-fits-all cohort.** We uncovered three Gen Z segments—Pragmatic Essentialists, Optimistic Idealists and Empowered Realists—each featuring different priorities and attitudes.

METHODOLOGY, DETAILED CHARTS & REFERENCES

09.

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Methodology

The 2023 Brand Goodness Report is based on a national **sample of 1,228 Gen Z respondents**, representative of the U.S. population in terms of gender, race and ethnicity, and location.

Respondents were administered a **12-question online survey** that examined perceptions of the United Nations SDGs, social issues, brand goodness, future optimism and perceived financial well-being and took approximately five minutes to complete.

1. Relative importance of the United Nations Sustainability Goals (SDGs) as well as social issues of importance to respondents.
2. Brand goodness (on a scale of -50 to +50) ratings for 100 domestic U.S. brands.
3. Future optimism score.
4. Brand premium score, or the extent to which respondents would pay a premium for brands that go out of their way to make the world a better place.
5. Financial well-being score.

Survey Questions

Future Optimism—the extent to which respondents were generally optimistic about the future, assessed on a 1 (strongly disagree) to 5 (strongly agree) scale.

Sustainable Development Goals—the importance ranking of **United Nations SDGs** was assessed by asking respondents to indicate the top two SDGs that were most important to them.

Social Issues—the importance ranking of **social issues** was assessed by asking respondents to indicate the top two social issues that were most important to them.

Brand Goodness—assessed by randomly assigning 10 of the 100 focal brands to each respondent, resulting in an average of 120 responses for each brand on the extent to which respondents believe these brands make the world a better (+50) or a worse place (-50) to live in terms of improving the planet and its people.

Goodness Premium—the extent to which respondents are prepared to **pay a premium for brands** that go out of their way to make the world a better place, assessed on a 1 (strongly disagree) to 5 (strongly agree) scale.

Financial Well-Being—the extent to which respondents considered themselves financially well off, assessed on a 1 (strongly disagree) to 5 (strongly agree) scale.

The 2023 Brand Goodness Report also included **background information** (age, gender, race and ethnicity and location).

Gender Distribution

Female

50%

Male

47%

Non-Binary

3%

Geographic Distribution

Eastern U.S.

20%

Midwest U.S.

20%

Southeast U.S.

20%

West South
(TX, LA, AR, OK)

20%

West

20%

Race Distribution

Asian / Pacific Islander

5%

Asian Indian / South Asian

1%

Black / African American

11%

Hispanic / Latinx

16%

Multi-racial / Bi-racial

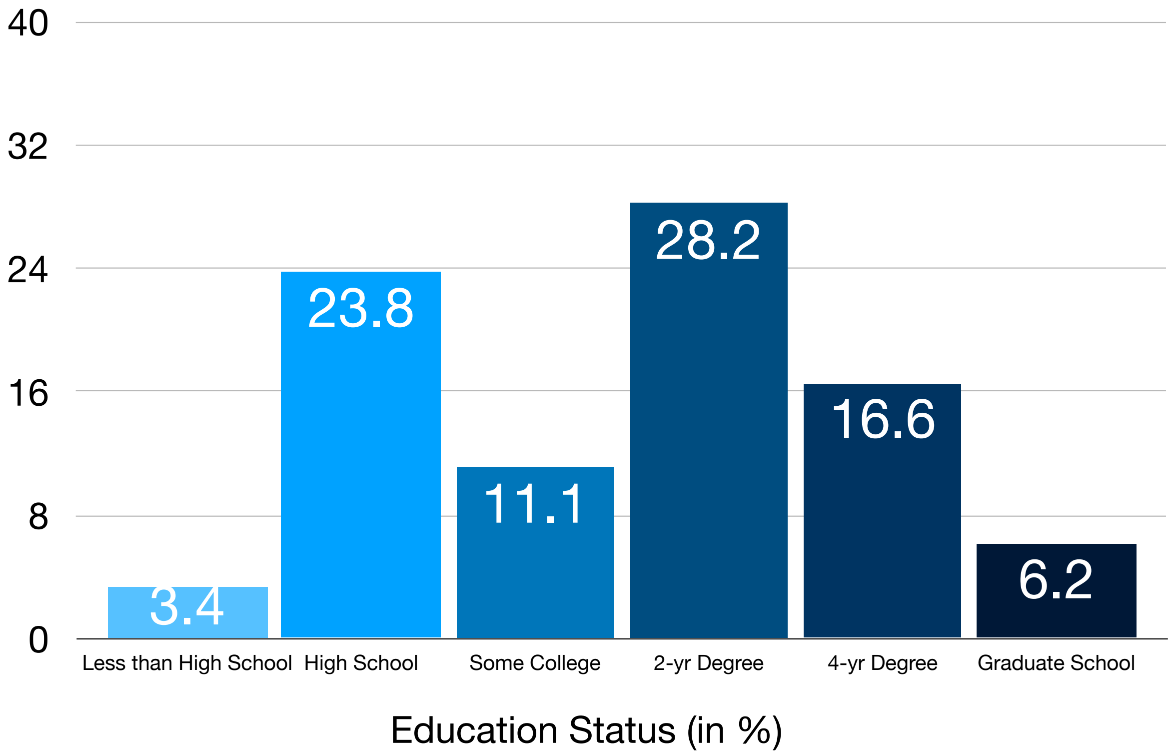
4%

Native American / Alaskan Native

2%

White / Caucasian

61%



Education Status.

Not surprisingly given their age range (18-26), a majority of respondents indicated high school through 4-yr degree for their educational status.

References

(1) Statista (2022), Population distribution in the United States in 2022 by generation, available at https://www.statista.com/statistics/296974/us-population-share-by-generation/

(2) Bloomberg Business Checkout (2021), Gen Z has $360b to spend, trick is getting them to buy, available at https://www.bloomberg.com/news/articles/2021-11-17/gen-z-has-360-billion-to-spend-trick-is-getting-them-to-buy?in_source=embedded-checkout-banner

(3) Deloitte (2023), 2023 Gen Z and Millennial Survey, available at https://www.deloitte.com/content/dam/assets-shared/legacy/docs/deloitte-2023-genz-millennial-survey.pdf?dl=1

(4) Moriarty, Jim (2021), The World is Broken—I Believe Brands Can Play A Role in Fixing It, available at https://jimmoriarty.medium.com/the-world-is-broken-i-believe-brands-can-play-a-role-in-fixing-it-4a30966088ec

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