UNiDAYS x ZEDIFY

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2022 SUSTAINABILITY REPORT

SHOULD FASHION'S LAST MILE GO GREEN FOR GEN Z?

CONTENTS

INTRO

39% of consumers believe responsibility for products being environmentally and socially sound lies with the companies who sell them.

That's compared to 26% who think it lies with governments and 13% who think it sits with the individual, according to IPSOS's 2020 Sustainability Imperative report.[1]

If we hone in on Gen Z, retail's most influential and powerful purchasers, these figures are even more pronounced.

But do those sustainability expectations reach the last mile of the supply chain? We surveyed a panel of 1720 **UNiDAYS**' UK student members to better understand the environmental and ethical drivers behind their purchasing decisions. Here's what we learned about Gen Z, the last mile and the opportunities for retailers.

47%

of Gen Z believe brands should be responsible for regulating the beauty industry.

68%

want clothes manufactured to the highest standards.

67%

prefer brands that appeal to their social conscience[2].

SOURCE 1 | SOURCE 2

KEY TAKEAWAYS

- Gen Z is serious about sustainability but the say-do gap points to an expectation for brands to do the heavy lifting for them
- Students don't know enough about the last mile to know if it's sustainable
- There's opportunity for retailers to stand out by addressing sustainability in the last mile
- Our findings indicate Gen Z would welcome a chain reaction of environmentally conscious last mile solutions
- Retailers don't need to sacrifice speed to achieve green last-mile goals

IS GEN Z SERIOUS ABOUT SUSTAINABILITY?

Our survey results consistently show that price, comfort and quality are the main drivers for Gen Z's fashion purchases. Environmental credentials meanwhile polarise students, who put them either at the very top or the very bottom of their purchasing priorities.

Having said that, second-hand fashion is a popular choice for students and it's a choice driven by both cost and conscience. 41% typically buy in this category and while that's a chunky 30 percentage points behind high street fashion (71%) in terms of popularity, it's well ahead of premium (28%) and digital fashion (17%).

Our insights also reveal 55% of students are buying more eco-friendly products than a year ago. 2 in 3 (65%) are planning to purchase more of them in 12 months' time. More than 1 in 3 (36%) will usually or often buy products made from recycled materials.[3]

41%

of students prefer to purchase pre-loved fashion.

86%

do so for the lower prices.

73%

do so to help the environment.

[3]Unless otherwise indicated, all statistics related to students refer to the latest **UNiDAYS** research conducted for this report

WHAT ABOUT THE SAY-DO GAP?

It's important here to consider that just because students say they do or intend to shop consciously doesn't mean they do or will (the say-do gap).

ATTITUDES VS BEHAVIOURS

60%

Say transparency is important

20%

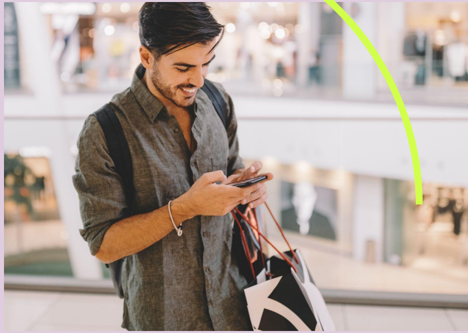
Seek transparency info when purchasing

53%

Want to buy from brands with ethical labour policies

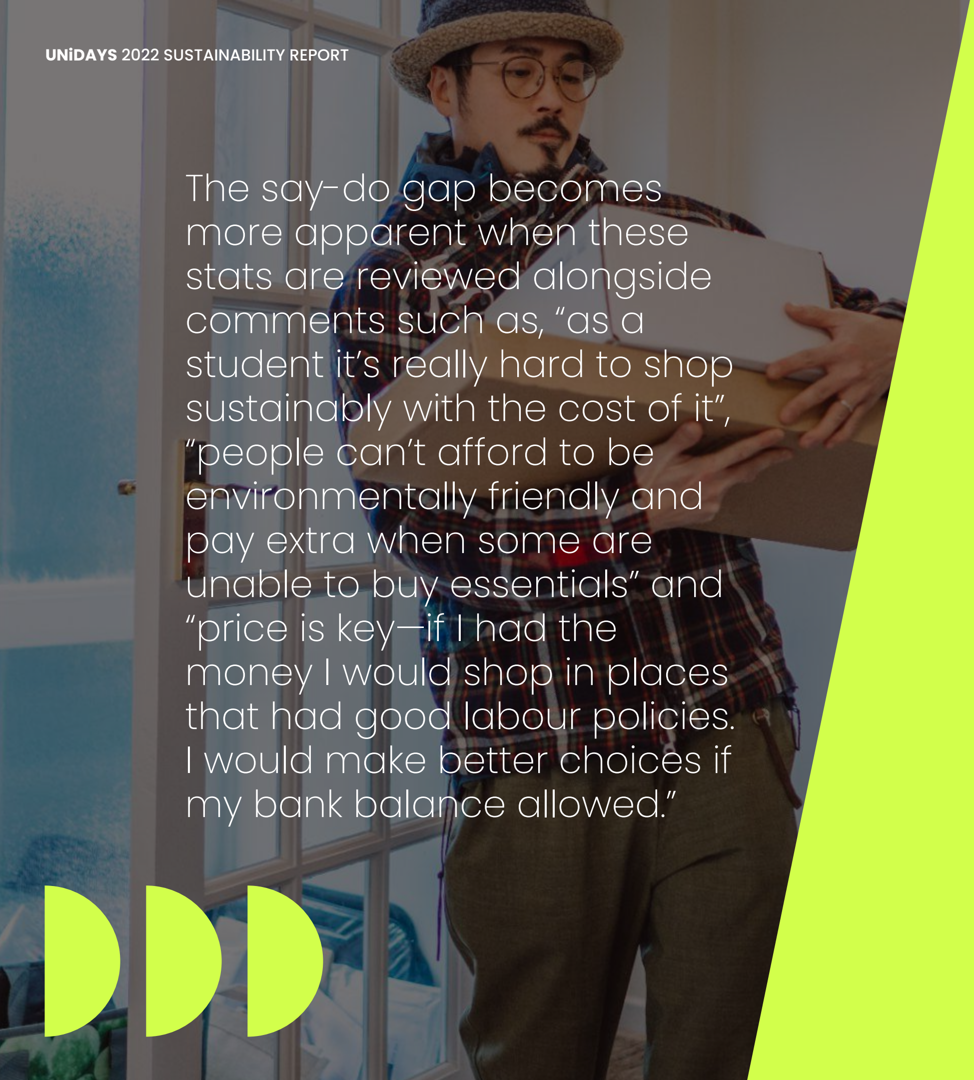
23%

Investigate those policies



In 2021, Zalando[4] compared the attitudes and behaviours of Gen Zs and Millennials across 12 key sustainability dimensions. It reported that "60% of survey respondents say transparency is important to them, but just 20% actively seek out information as part of the purchasing process." Likewise, "53% believe it is important to buy from brands with ethical labour policies, but only 23% ever investigate policies themselves." The disparity continues across garment quality, disposal and repair.

SOURCE 4



The say-do gap becomes more apparent when these stats are reviewed alongside comments such as, "as a student it's really hard to shop sustainably with the cost of it", "people can't afford to be environmentally friendly and pay extra when some are unable to buy essentials" and "price is key—if I had the money I would shop in places that had good labour policies. I would make better choices if my bank balance allowed."

So, while our survey showed that over 80% of students would at least consider paying more for clothing from brands that met their sustainability expectations, the reality might be very different.

And yet, circling back to our opening statistic, as nearly half believe the responsibility for good practice lies with retailers, this is no surprise. Gen Z is serious about sustainability but they want a green path of least resistance laid out for them by brands and they don't want to pay more for it. Give them an easy, cost-effective route and they might be the sustainable saints we're all hoping for.

But should that path of least resistance include the last mile? Our research suggests there's a significant opportunity to stand out, gain competitive advantage and grow market share in this area.

WHAT ARE THE OPPORTUNITIES FOR RETAILERS?

4% Of retailers offer carbon neutral delivery (a category of sustainability Gen Z feels most informed about).

6% Offer less packaging as an option at checkout.

0% Include sustainability messaging in their delivery communication.

When it comes to meeting Gen Z's sustainable expectations at the last mile, paperless returns and cardboard packaging are as inventive as it gets according to ParcelLab's Sustainability Report[5].

With 0% of retailers including sustainability messaging in their delivery communication, this is perhaps why Gen Z remains in the dark about sustainability opportunities within the supply chain.

Students feel least informed about last mile eco-deliveries when compared to other sustainability terms. 67% of students feel they don't know enough about delivery services to assess which are doing a good job regarding eco-delivery.

And while these stats suggest initiatives in these areas (to offset carbon, reduce packaging and share sustainability messaging) would be largely unique thereby offering retailers a last mile USP, it's not clear if such measures would encourage Gen Z to buy more.

We asked students if there was an aspect of a product or its delivery method that didn't meet their environmental expectations, would they still buy the product. 67% said it depends on the circumstances. Just 7% said not very likely or not likely at all. This needs further interrogation.

SOURCE 5

HOW MIGHT GEN Z RESPOND TO LAST MILE INNOVATION?

We matched our stats to existing research to see how Gen Z might respond if retailers introduced environmental measures at the last mile.

FIVE KEY CHALLENGES

The UK's Local Government Association commissioned independent research to explore the role of local authorities in co-designing and implementing sustainable local freight solutions for the last mile of parcel deliveries[6].

THE 2022 REPORT IDENTIFIED FIVE KEY CHALLENGES:

one — **Increased traffic congestion**—on local road networks, increasing air pollution.

two — **Financial viability of alternative models**—freight consolidation centres or cleaner fleets

three — **Rural/urban divide**—each has different needs and require different solutions

four — **Significant scale**—around 3 billion parcels are sent per year

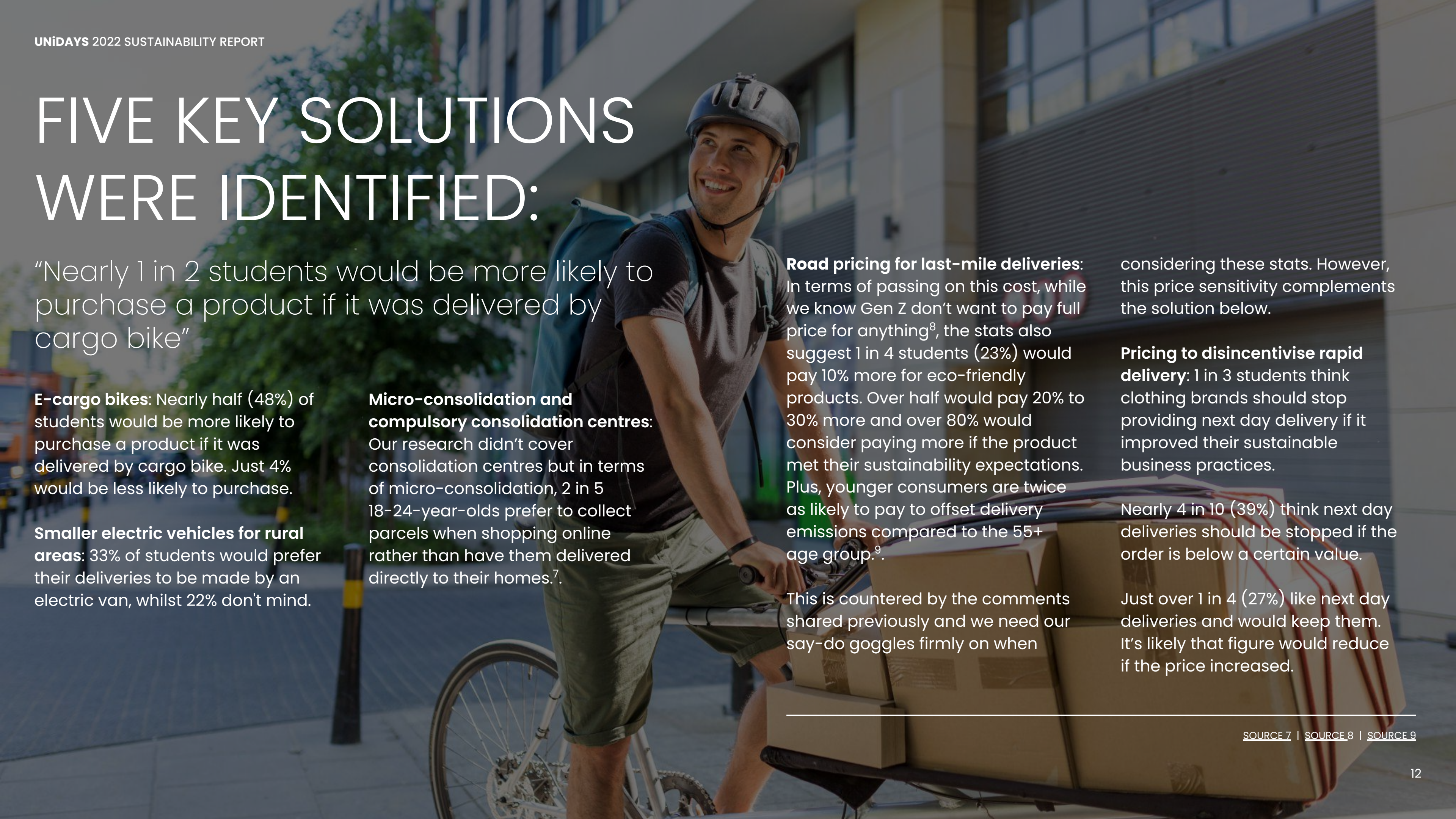
five — **Ingrained behaviours**—including the willingness of stakeholders to join collaborative schemes and educating/training end-consumers towards more sustainable consumerism

SOURCE 6

FIVE KEY SOLUTIONS

- E-cargo bikes
- Smaller electric vehicles for rural areas
- Micro-consolidation and compulsory consolidation centres
- Road pricing for last-mile deliveries
- Pricing to disincentivise rapid delivery

How would Gen Z respond to these measures? Let's take each in turn.



FIVE KEY SOLUTIONS WERE IDENTIFIED:

"Nearly 1 in 2 students would be more likely to purchase a product if it was delivered by cargo bike"

E-cargo bikes: Nearly half (48%) of students would be more likely to purchase a product if it was delivered by cargo bike. Just 4% would be less likely to purchase.

Smaller electric vehicles for rural areas: 33% of students would prefer their deliveries to be made by an electric van, whilst 22% don't mind.

Micro-consolidation and compulsory consolidation centres: Our research didn't cover consolidation centres but in terms of micro-consolidation, 2 in 5 18-24-year-olds prefer to collect parcels when shopping online rather than have them delivered directly to their homes.[7].

Road pricing for last-mile deliveries: In terms of passing on this cost, while we know Gen Z don't want to pay full price for anything[8], the stats also suggest 1 in 4 students (23%) would pay 10% more for eco-friendly products. Over half would pay 20% to 30% more and over 80% would consider paying more if the product met their sustainability expectations. Plus, younger consumers are twice as likely to pay to offset delivery emissions compared to the 55+ age group.[9].

This is countered by the comments shared previously and we need our say-do goggles firmly on when considering these stats. However, this price sensitivity complements the solution below.

Pricing to disincentivise rapid delivery: 1 in 3 students think clothing brands should stop providing next day delivery if it improved their sustainable business practices.

Nearly 4 in 10 (39%) think next day deliveries should be stopped if the order is below a certain value.

Just over 1 in 4 (27%) like next day deliveries and would keep them. It's likely that figure would reduce if the price increased.

SOURCE 7 | SOURCE 8 | SOURCE 9

SHOULD FASHION'S LAST MILE GO GREEN FOR GEN Z?

It looks like changes at the last mile would be welcomed by Gen Z and there's ample opportunity to stand out.

Gen Z's price sensitivity suggests disincentivising rapid delivery with price hikes might be the fastest way for retailers to go green, although this teeters on green-washing.

The truth is, there's no need to sacrifice affordable next-day delivery to secure a green last-mile halo. The notion that eco-delivery means slow delivery is a misnomer. With EV technology evolving to support a nationwide shipping network connected to robust inner-city networks of e-bikes and e-cargo bikes, fast, effective green delivery is available to retailers today.

In terms of how to do it, Accenture is a predictable sage, highlighting in its research[10] that, "no single entity can create the sustainable last mile alone. It will take all ecosystem players working together in ways they never have before".

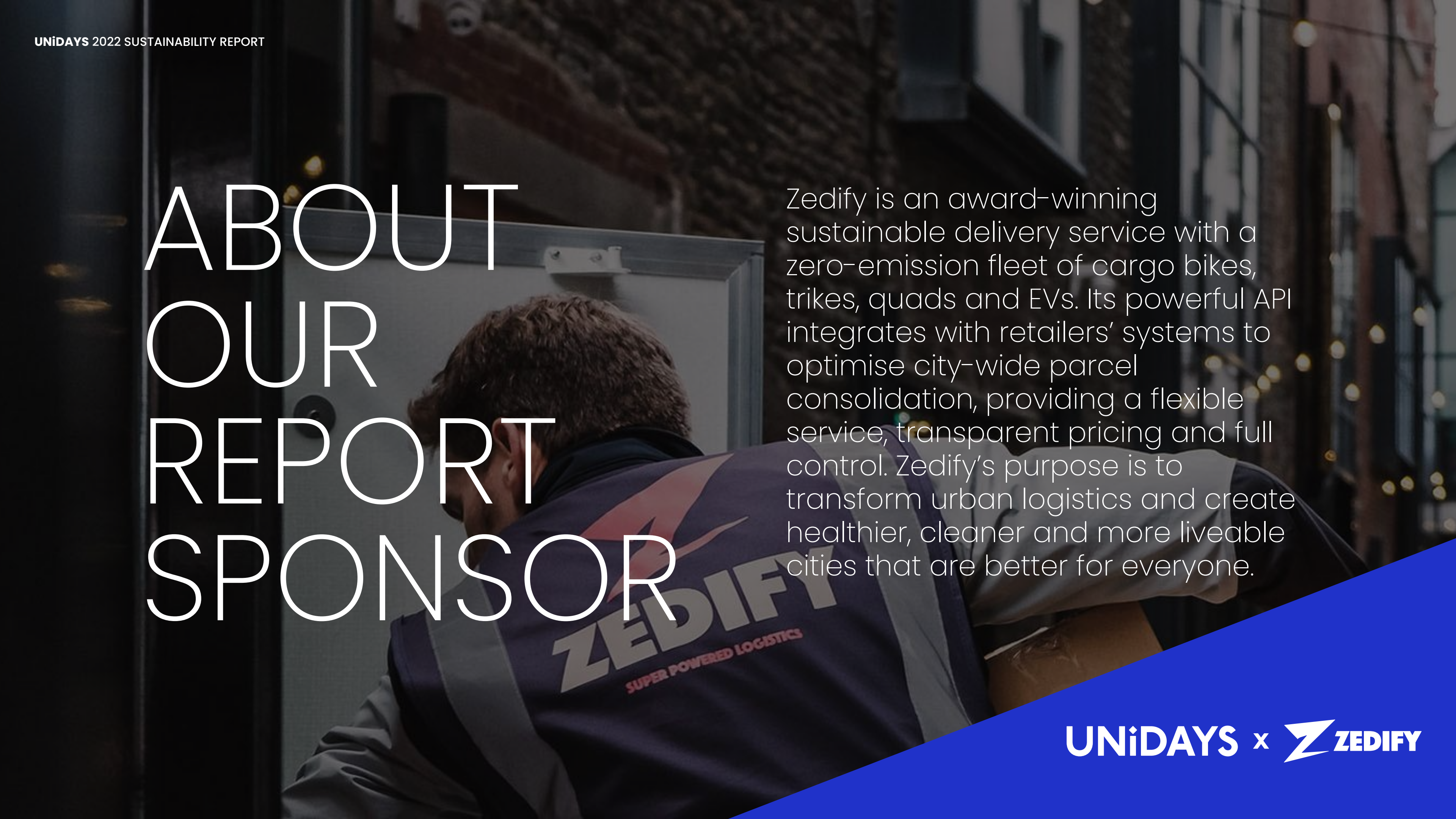
ACCENTURE ADVISES RETAILERS TO:

- → **entice consumers to choose in-store fulfilment**
- → **transform supply chains and store networks**
- → **educate consumers on consolidating deliveries**

Gen Z's attitudes need further examination but, to borrow from one respondent's comments, the next generation is ready for a chain reaction.

Taken from over 5000 words received from Gen Z during our survey, one voice said: "If companies made more environmentally friendly deliveries and spread awareness of them, people would be more likely to buy… this would cause a chain reaction of other companies who would do the same to gain more customers."

SOURCE 10



ABOUT OUR REPORT SPONSOR

Zedify is an award-winning sustainable delivery service with a zero-emission fleet of cargo bikes, trikes, quads and EVs. Its powerful API integrates with retailers' systems to optimise city-wide parcel consolidation, providing a flexible service, transparent pricing and full control. Zedify's purpose is to transform urban logistics and create healthier, cleaner and more liveable cities that are better for everyone.

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