

THE DEPOP X BAIN & COMPANY
REPORT

FUTUREPROOF



HOW GEN Z'S EMPATHY,
AWARENESS AND FLUIDITY
ARE TRANSFORMING
BUSINESS AS USUAL

FUTUREPROOF

Preface

Depop is a community-powered marketplace app to buy and sell unique fashion. Our platform has been shaped by the belief that listening to our community is the key to futureproofing our business: the Depop user base is overwhelmingly from Gen Z and we highly value the voice of this generation.

Bain & Company is a global consultancy that helps the world's most ambitious change makers define the future. In fashion and luxury goods, it is the pre-eminent thought leader.

Together, we spoke with more than 2,000 Depop buyers and sellers in the US, UK and Australia about how this generation is changing business as usual.

Research methodology

This report is the product of extensive quantitative and qualitative research including:

- An October 2020 survey of 2,167 Depop users on sustainability-related topics. All were aged 24 or under, making them Gen Z members. All data quoted from this and other research has been rounded.
- One-to-one interviews with Depop users in the UK, US and Australia.
- Bain expertise and knowledge across industries (Fashion & Luxury, Retail, Consumer Products), and cross-generational observation of customers.
- Analysis of existing research on Gen Z across academic fields.

INTRODUCTION



INTRODUCTION

Growing up in an era of ubiquitous digital technology and an unmatched rate of change, **Gen Z has developed an interconnected and fluid way of processing the world, rather than digesting it through a binary framework.**

For them, it's not about this or that, but rather, **this and that.** This mindset represents a **paradigm shift** when compared to older generations and sets them apart as a distinctive group of people despite their **differences** of culture, language or race.

In this report, we explore how this mindset has changed the conception of empathy, self-expression, exchange and newness. We consider how Gen Z is more **vulnerable** to macrolevel uncertainties within a digitally charged globalised economy and are aware of the effects these stresses have on inherent human vulnerabilities. We analyse how they are driven by individual authenticity while also understanding that **collectivity empowers individuality**, leading to calls for action in the face of adversity.

We examine how their interaction and consumption across physical and digital platforms has **blurred boundaries** between commerce, entertainment and connection, laying the foundations for fluid entrepreneurship. Finally, we investigate how Gen Z is **reimagining newness** in fashion to fit its needs and its values.





Framework

Our insights are grouped into four sections, moving from inner, individually focussed concerns to wider, collective behaviours:

1. Empathy and awareness

We start at the centre with the individual and explore how Gen Z thinks and feels

2. Self-expression

We then move to the outward manifestation of the individual and examine how Gen Z expresses its empathy and awareness

3. Exchange & interconnection

We move further out to the exchange between individual and ecosystem to analyze how Gen Z interacts with the world and economy, as consumers and producers

4. Reimagining newness

We end by exploring the wider context of how Gen Z is reimagining fashion consumption in light of its aforementioned non-binary empathy, awareness, self-expression and exchange

EMPATHY AND



AWARENESS

Gen Z is **empathetic to the complexity and diversity of human identity**. Its tendency to have a more fluid notion of sexual attraction means it is **reluctant to label** sexuality, compared to older generations. It is **deconstructing** binary gender norms by showing sensitivity to gender-nonconforming people and by also neutralising the gendering of emotions, e.g, ambition (male) or vulnerability (female). This approach heightens Gen Z's **awareness of human vulnerability** for themselves, and for others.



75%

of Gen Z say their race, gender or sexuality cannot be easily categorized

Source: Hulu (2020)



60%

of Gen Z say their identity spans race, cultures or languages

Source: Hulu (2020)



Because of this, they have also begun **challenging the stigma associated with mental health**. The Depop users we interviewed are of a generation that is more willing to recognise and discuss mental health as a **common but highly personal** aspect of human experience. Gen Z was born into a globalised economy turbo-charged by digital platforms and has grown up in a time of great uncertainty: from ecosystemic issues like climate change and

financial instability to personal issues like displacement and discrimination. It seems that teens and young adults may be more inherently aware of the **magnified social stresses** of the digital platform economy as well as being more neurologically vulnerable* than older generations (who are still in control).



“Change has come from the people, not from big organizations”

Depop seller, UK

“The stigma around mental health is very much generational”

Depop buyer, Australia



70%

Increase in the amount of US 18-25 year-olds recently in **distress** 2008-17

Source: National Survey On Drug Use and Health in The American Journal of Managed Care (2019)



65%

Increase in proportion of UK 16-24 year-old women who have ever **self-harmed** without suicidal intent, 2007-14

Source: Bain elaboration of NatGen Social Research data (2019)



50%

Increase in proportion of US girls aged 12-17 who have suffered a major **depressive** episode, 2005-17

Source: Psychiatric Research & Clinical Practice (2020)

(*): The prefrontal cortex, which is responsible for personality expression, moderating social behavior and sensitivity to peer evaluation, develops during adolescence and is not completed until the age of 25.

**“It’s easier to
talk, and it’s
more socially
acceptable,**

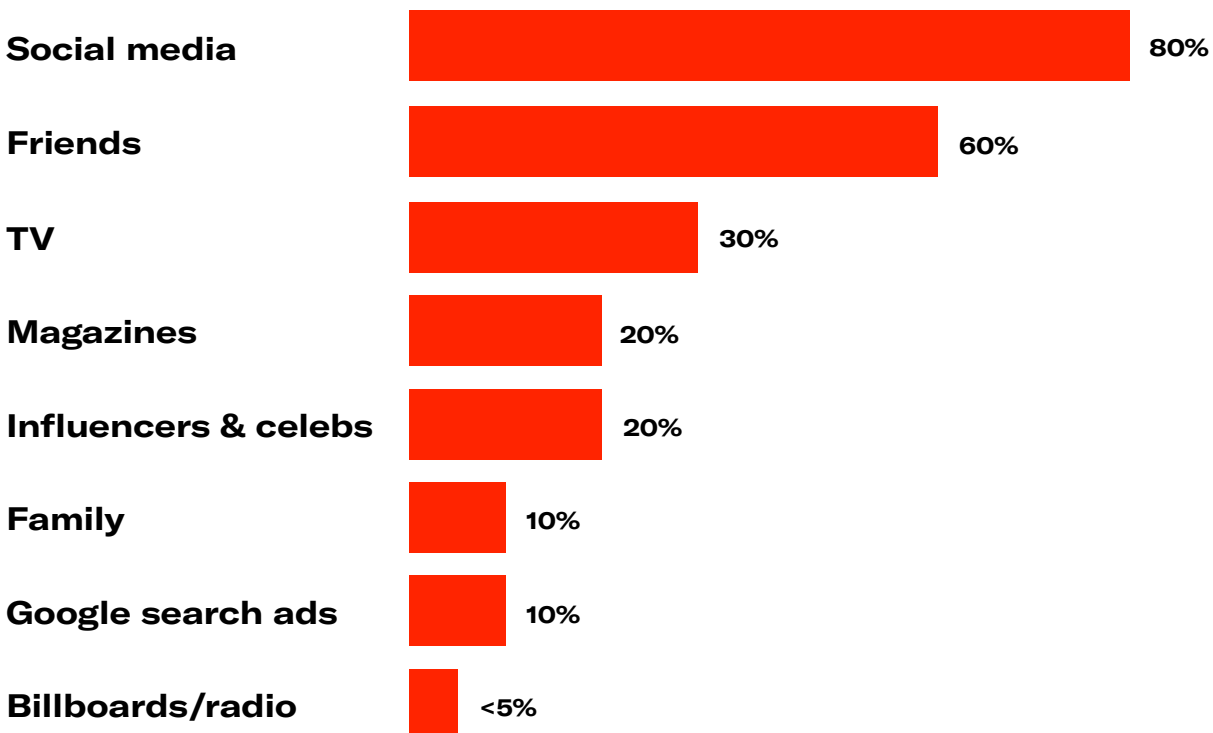
**but we do not
have fewer
problems.”**

Gen Z embraces a **nuanced relationship with social media that acknowledges the positives and the negatives** of platforms. Our interviewees shared their appreciation for the enhanced global exposure and **connectivity** that comes with social media. However they also recognise the wider negative impacts on society - from **data privacy** issues and the influence of algorithms to compromised **mental wellbeing** arising from filtered digital realities, constant comparison and online abuse.



Sources of inspiration for those shopping on Depop, by share of customers citing them

Source: Depop user survey (2020)



**“I feel more
anxiety than
hope for the
future:**

**we’re
progressing
on some
fronts, but
losing rights
on others.”**

SELF



EXPRESSION

Gen Z personas on social media tend to stand out, compared to their millennial counterparts, for being more authentic and spontaneous - and less filtered and curated.

Similarly, Gen Z fashion is distinctively **experimental and hybrid**. Its members gravitate towards high-low fashion collaborations mixing vintage and streetwear. While they still look to (fashion) brands for trends and inspiration, they choose how to style themselves.

They tend to define and refine their individuality through conversations with others. Within this mindset, community does not quench but amplifies individual self-expression. In an open and

secure digital landscape (which safeguards privacy), communities endow users with a sense of belonging through connection based on shared interests. Emerging social media platforms that are popular with Gen Z have replaced friend-based algorithms with interest-based algorithms. For Gen Z, **individuality trumps conformity but not collectivity**.

This notion of **socially empowered individuality has catalyzed their empathy and awareness of vulnerability into calls for action** in the face of adversity.

On social issues such as racial inequality and climate change, teens and young adults have demonstrated the power of their

voice in numbers, not only in digital spaces but in physical spaces too. Guided by the belief that today's "blunders" become tomorrow's "burdens", Gen Z is showing the world that no medium is ineffective, no platform is too small; **every individual has the power to speak out**.



70%

of Gen Z believe they can be part of a social movement even if they participate only through social media



EXCHANGES



INTERCONNECTION

Gen Z needs to be understood within the context in which it has grown.

Digital platforms have spread across all industries and experiences, from fashion and retail, to gaming and music, search engines, social networks and beyond. From a business perspective, platforms have been central to value creation in the 21st century.

For consumers, these same platforms have offered a plethora of opportunities including connection, entertainment, education, making money and building (personal) brands. Winning platforms have been able to centre their experience on **exchange and engagement, community and (user-created) content.**





Digital platforms have blurred boundaries between commerce and connection, consumption and production, entertainment and entrepreneurship.

Gen Z simultaneously consumes and produces: it exchanges ideas, products and services on platforms more than other generations. It is using the same platform to do many things: create and seek inspiration; gain access and share information; spend and make money; find community and generate business.

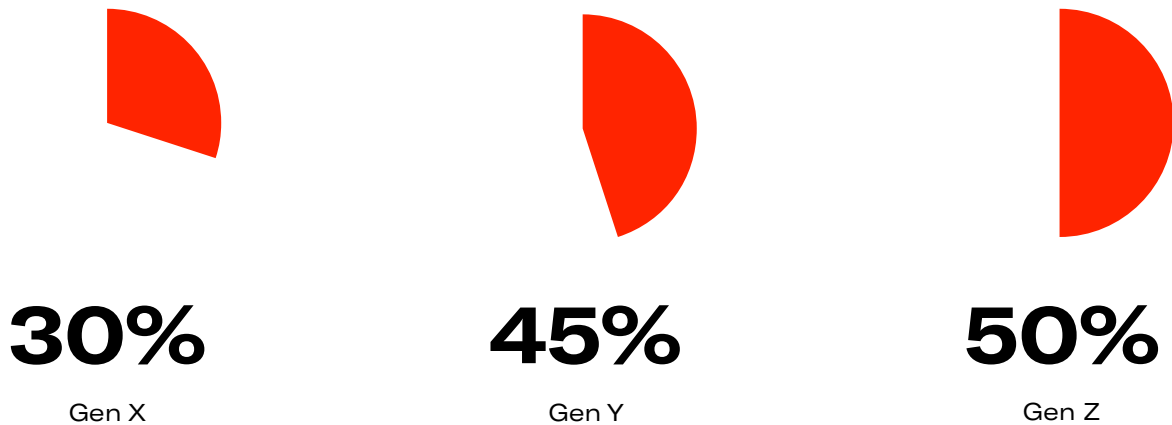
These platforms have provided the space for a **fluid** kind of **entrepreneurship** among young adults and teens. As the prospects for steady traditional employment are significantly impacted by global crises (the Great Recession followed by the Covid-19 crisis), Gen Z has demonstrated a distinct bias for **side hustles and non-traditional paths**. On platforms, they have transitioned from earning extra cash to making a living, from building a brand to growing a


business, and from learning practical skills to establishing networks.

It is increasingly clear that within an integrated framework, **digital and physical exchange are no longer binary**. Instead they are complementary modes of exchange, communication and consumption. As a cohort of digital natives, Gen Z demonstrates an innate tendency towards digital immediacy and virality; because of this, it maintains a foothold across multiple digital platforms. At the same time, it also prizes experiences over products more than older generations. In fact, Gen Z is comfortable in a state of flux, in which digital interaction causes physical experiences to proliferate. From ride-sharing to mixed-reality technology. From digital try-on apps to products with both a physical and digital life. Gen Z embraces an integrated reality made up of **interwoven digital moments that enhance physical experiences rather than substituting them**.

Gen Z is ahead when it comes to the proportion of its members consuming out-of-home experiences more than once a week

Source: Bain survey (2019)





“My main motivation to start selling on Depop was to get out of the rat race and to decide how and when I work.”

REIMAGINING



NEWNESS



When viewed through the lens of holistic empathy and awareness, **profit, planet and people are not mutually exclusive.**

The people we interviewed made it very clear: Gen Z reacts strongly to how brands respond to relevant social conversations, both positively to authentic **brand activism** and negatively to tokenism and performative acts. Furthermore, our survey of Depop users shows just how much this generation's fashion purchases are influenced by the commitments brands make to social and environmental sustainability.

“I am interested in gender equality, BIPOC representation, LGBTQI rights and climate change... you would have to be living under a rock not to care about these things right now.”

Depop seller, UK

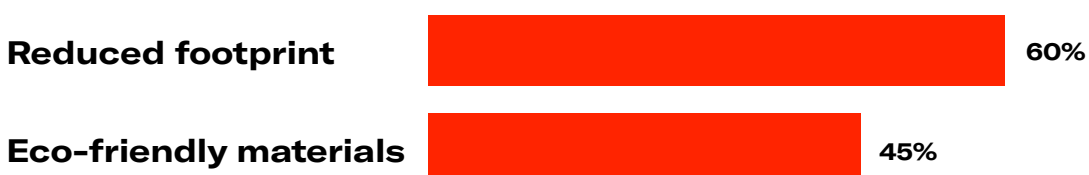
Share of Depop users whose purchase decisions are influenced by fashion company commitments, by area

Source: Depop user survey (2020)

Social sustainability



Environmental sustainability





“Brands have a huge platform so have a responsibility to do good: I am more willing to buy from brands that take a stand.”

Although interest in sustainable fashion has grown across generations, Gen Z's **concern for the environment has fuelled media coverage, consumer pressure and budding corporate change** in the fashion industry (including sustainability initiatives, sustainability-linked bonds, certification and insurgent business models). This generation took the lead during the global climate strikes and is the generation most willing to

pay more for sustainable fashion. We discovered that 90% of Depop users have made changes to become more environmentally friendly in their daily lives - and more sustainable fashion practices are at the top of their list. They were also eager to specify that **sustainable choices should not just be the right thing to do, but the thing you want to do.**



of Depop users have made changes to be more sustainable in their daily lives

Source: Depop user survey (2020)

Proportion of Depop customers who have incorporated various sustainable practices into their daily lives

Source: Depop user survey (2020)

Recycling more
75%

Reducing fashion consumption
70%

Repairing own clothing
60%

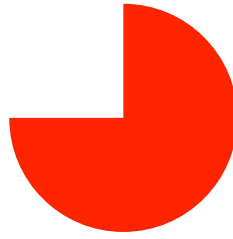
Consuming environmentally friendly food
55%

Only buying secondhand clothing
45%

Minimising plastic use
35%



Within this context of fluid self-expression and exchange centered on experimentation, authenticity and conversation, Gen Z is also **reimagining newness**. For them, it does not necessarily mean fresh off the press; nor does it signify new materials, additional manufacturing, or consumption in the traditional sense. In fact, this fluid newness can imply tapping into trends through **archived or out-of-stock** branded items. For Gen Z especially, newness also means **one-of-a-kind vintage, repurposed or recycled fashion**.



75%

of Depop Gen Z users buy secondhand in order to reduce consumption

Source: Depop user survey (2020)

Motivations for buying secondhand items, by share of Depop users citing them

Source: Depop user survey (2020)

Reduce consumption (sustainability)
75%

Tap into trends (newness)
45%

One of a kind items (newness)
55%

Cool thing to do (entertainment)
35%

Lower prices (value)
65%



“Paying a premium is not feasible for everyone and it’s unfair to have to compromise between beliefs and pocketbooks.”



The concept of fashion newness in the digital platform economy has begun to extend **beyond product** to include content and experience. Fashion newness can be embedded in the storytelling surrounding the items. **Fluid newness** can mean the **excitement of product discovery**. For Gen Z, the **emotions** associated with newness can emerge through conversation and connection with peers.

The increase of online secondhand fashion platforms is an example of the growing demand for **propositions that marry value with values**: community with an intuitive user experience; affordable prices with sustainability; sustainability with newness; and newness with a network of like-minded buyers and sellers.



For brands, a more **nuanced** idea of **newness** may be the key to mastering mindful consumption. More broadly, we are already starting to see cutting-edge brands **breaking from binary frameworks**. Product or content, product or experience, physical or digital, individuality or community, profit or planet, business or empathy. It used to be one or the other; increasingly, it will be

a mix of both. That's what Gen Z consumers demand.

Futureproof brands will be those that listen to and learn from Gen Z—and then embody them in the platform economy. Futureproof fashion will create value that is non-binary, just like the humans it serves.

**“There is
no need for
excessive
consumption;
we don’t
have to buy
brand new.”**

FUTUREPROOF

THE DEPOP X BAIN & COMPANY REPORT ON GEN Z

BY

Federica Levato

Bain & Company partner and head of Bain's Fashion and Luxury vertical in EMEA, and senior member of the Strategy, Private Equity and Customer practices.
federica.levato@bain.com

Fabio Colacchio

Partner with Bain & Company's Fashion and Luxury vertical, and Consumer and Marketing Excellence practices.
fabio.colacchio@bain.com

in partnership with



With special contributions from
**Claudia D'Arpizio, Chiara Baravalle, Maria Raga, Peter Semple,
Rebecca Levy-Lewis, Graham Rounthwaite, Farah Abuzeid,
Ali Kagalwalla, and Justine Porterie**





depop

BAIN & COMPANY 