THE EQUITY TASTEMAKE GEN Z AND THE INCLUSION FOR MARKETERS

2025

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WHAT WE'LL COVER

Insights: How Gen Z expects brands to get involved in inclusion

Examples: How brands today are doing inclusion authentically

Implications: Marketing at a crossroads; how do we evolve our craft?



BUT FIRST, A QUICK



OUR EXPERTISE

Through inclusive creative and strategies, we help brands credibly connect with ALL their audiences in the complex marketplace of today's America—helping you tap into an additional \$3.2 trillion of spending power.

OUR TEAM

A cross-disciplinary collection of great minds that LOOK like the markets we serve.

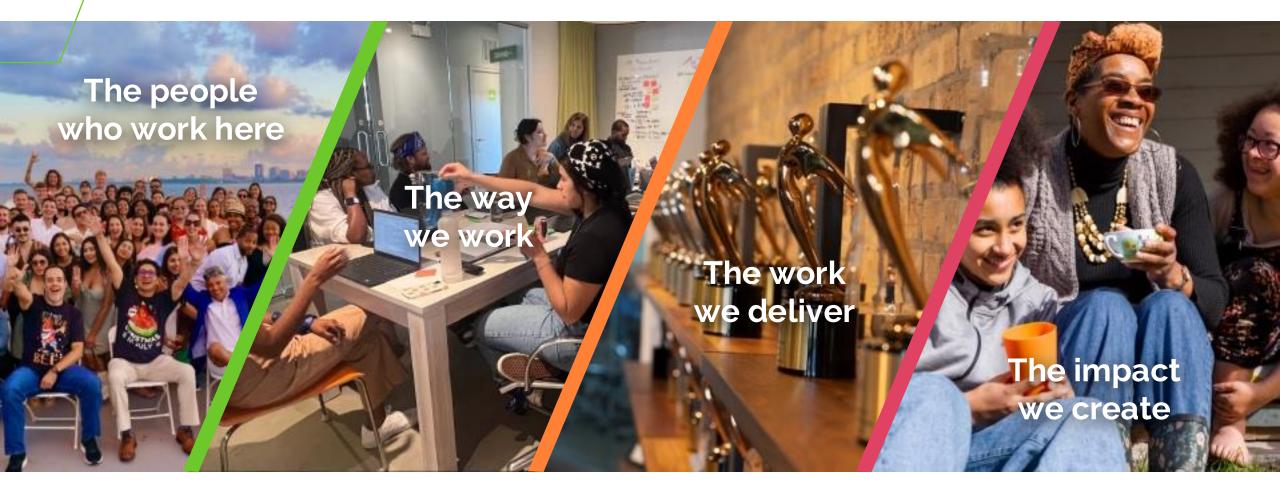
OUR PROCESS

Resourceful, collaborative, and tech-forward to achieve efficient results at scale.

Certified Minority (Latino) Owned and Operated



DRIVEN BY END-TO-END INCLUSIVITY









DEI LANDSCAPE IN 2025

DEI in its current form is a lightning rod for the culture wars



- Attacks from the right assume DEI undermines meritocracy and is a political goal
- Some activists, backed by research, recognize that today's DEI has been watered down
- Some brands are eliminating DEI commitments driven in part by their core audiences
- Other companies are willing to "rebrand" DEI to bring back its original meaning & intent



THE BUSINESS CASE FOR INCLUSION IS STILL CLEAR



Better representation of the business



Greater opportunity for innovation



Improved bottom line



Competitive advantage



Happier work environment Stronger commitment to the company



Attracting top talent

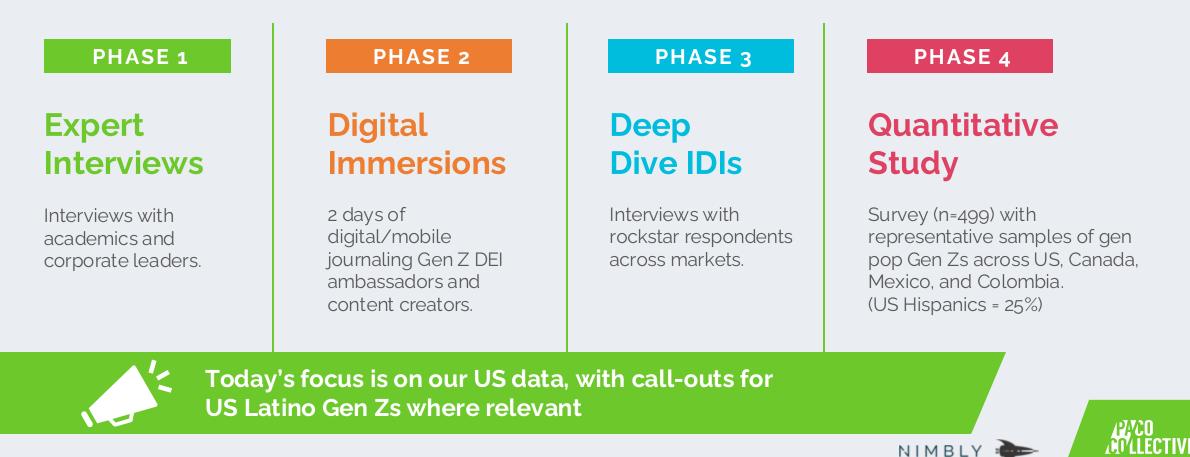


WHAT WE DID (AND WHY THIS RESEARCH IS DIFFERENT)



DIGGING DEEPER INTO GEN Z AND INCLUSION WITH PACO COLLECTIVE

PACO Collective partnered with Nimbly, a minority-owned market research agency, to understand how Gen Zs across the Americas (US, Mexico, Colombia, Canada) think about inclusion and how brands should enter the conversation:



YES, GEN Z REALLY CARES ABOUT INCLUSION. BUT WHAT DOES THAT MEAN?



SEGMENTING GEN Z BY THEIR INCLUSIVE BEHAVIORS



Across all markets, we identified 5 different segments of Gen Z based on their levels of support, participation, and activation against causes of inclusion.

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MEET THE EQUITY TASTEMAKERS

Leader

15%

Lead conversations Demonstrations/ Rallies catalyst 34%

Create content on issues

T.B.

Leaders of organizations Government lobbying





MEET THE EQUITY TASTEMAKERS

49% of US Gen Zs are what we call "Equity Tastemakers."

They have the highest levels of involvement in inclusive activities and are **driving the conversation about inclusion** and what it means.



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65% of US Latino Gen Zs are Equity Tastemakers

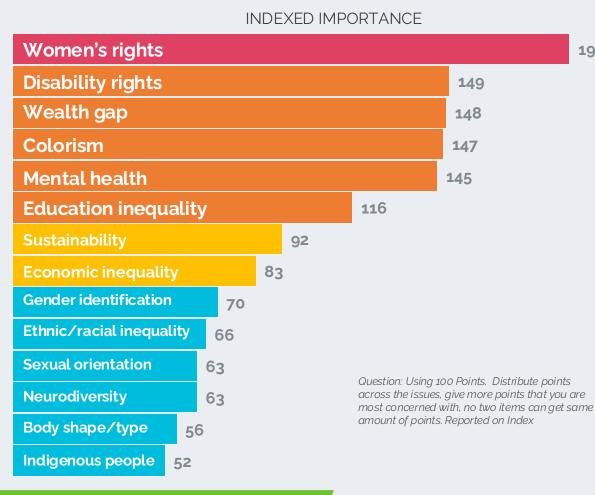
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THEIR TOP INCLUSIVE ISSUES WERE UNEXPECTED

The 5 issues that rose to the top as most important among our total sample across the Americas:

- Women's rights
- Disability rights
- Wealth gap
- Colorism
- Mental Health •



US of US Gen Zs and 46% of US Latino Gen Zs say colorism is "very important" to them





190

INCLUSION IS CONTEXTUAL How people described inclusion in each national context evoked different nuances and tones



In the US, inclusion is about **community** and universal **acceptance**.



How to ask for consent when talking about racism

1. Is it okay if I share with you what I've learned? I used to think similarly.

2. I feel uncomfortable when you make generalizations like that. When would be a good time to discuss why I feel that way?

3. I want to share more about this with you. Is that okay?

4. You seem uncomfortable. Can I continue or should we stop talking about this?



*Respondent-shared images representing "what inclusion means and looks like to you," and why they are meaningful





In Mexico, respondents defined inclusion as a sense of **belonging**.



*Respondent-shared images representing "what inclusion means and looks like to you," and why they are meaningful



In Colombia, inclusion was about **freedom** from violence and resilience for the **fight** for social justice.



*Respondent-shared images representing "what inclusion means and looks like to you," and why they are meaningful



INCLUSION IS NOT "DEI"

Gen Z views corporate DEI with a LOT of skepticism.

For Gen Z, inclusivity and marketing can even be antithetical.

"Every brand struggles to authentically represent DEI because that is not their #1 goal. Their #1 goal is to make money. I cannot think of any brands that do not do this, but I do try to figure out which ones are more authentic than others." **Olivia**

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IS DEI IN ITS CURRENT FORM DYING?



Diversity today is baseline.

Gen Z recognizes the multiplicities and complexities of individual identities as the concrete reality of the world today. **It has become table stakes.**

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Equity is ideal, but far from reach.

Gen Z recognizes that achieving true equity **requires tearing down** and rebuilding deeply **entrenched structures and systems** – a needle they cannot easily move. In fact, the **word "equality"** itself **rarely appeared** in our open-ended quantitative questioning.

Inclusion is Gen Z's rallying cry and hope.

Inclusion feels attainable. They're taking action toward it in their own lives and aligning themselves with brands and organizations that do the same.



GEN Z'S VISION FOR BRANDS



WITH GREAT POWER COMES GREAT RESPONSIBILITY

Because of their reach and media influence, brands have a platform.

This influence can be used to create visibility and catalyze conversation.

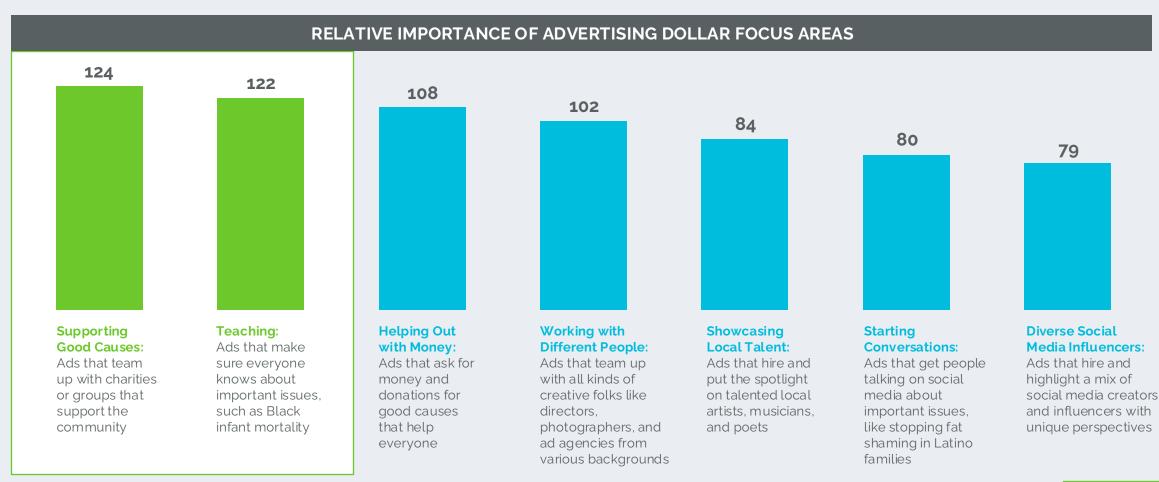
"[What's off the table is] brands taking a passive role in social transformations and the struggles of everyday people. They have a role to play. Bigger than the average person because they have more resources. They can share messages of inclusion. They should contribute to the good of the community." Javier



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THAT'S WHY GEN Z WANTS BRANDS TO USE THEIR PLATFORM TO TEACH

Reinforces the importance of giving voice – Gen Z's emphasis on education & conversation – as the route to meaningful change



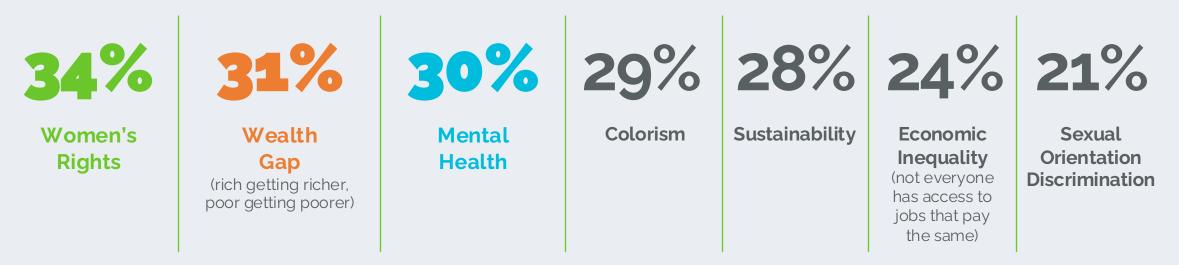
Question: If you were the marketing leader of a company and had \$100,000, how would you spread the money?





THEY HOLD BRANDS RESPONSIBLE FOR SUPPORTING SPECIFIC CAUSES BASED ON THEIR ROLE IN SOCIETY

80% of Gen Z expects brands to take a stand on inclusion in advertising (CIA 2024). The top 3 issues that Gen Z believes brands should address:



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Question: When considering the impact of corporations and brands, which social issues do you believe they are most responsible for influencing through their advertising (showing the way), the causes they support (helping others change), and their overall behavior (how they conduct business)? (Choose Top 3)



US Latino Gen Z believe brands should address the wealth gap (40%), mental health (40%), and women's rights (33%)

WHAT IS MOST IMPORTANT TO GEN Z DOES NOT ALWAYS ALIGN WITH WHAT THEY FEEL BRANDS ARE RESPONSIBLE FOR ADDRESSING

			(*)		
MOST IMPORTANT TO ME	Disability Rights Education Inequality	Disability Rights	Colorism Disability Rights	Women's Rights	Colorism Disability Rights
BRANDS RESPONSIBLE TO SUPPORT IN ADS	Women's Rights	Women's Rights Wealth Gap	Women's Rights Wealth Gap	Education Inequality	Women's Rights Sustainability
	Economic Inequality Sustainability	Mental Health Discrimination	Mental Health Discrimination Economic Inequality & Wealth Gap	Sustainability Economic Inequality	Economic Inequality





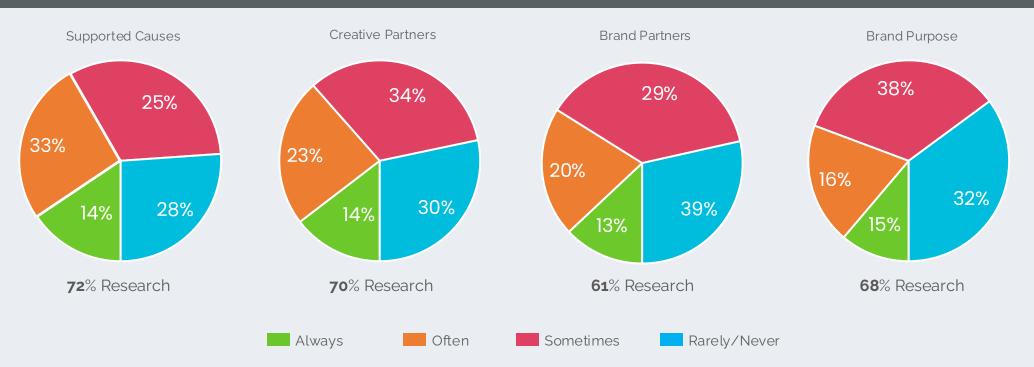


GREAT EXPECTATIONS, GREAT REWARDS



GEN Z DOES THEIR RESEARCH ON BRANDS' COMMITMENT TO INCLUSION

RESEARCH BRAND SUPPORT THROUGH (% of US Gen Z)





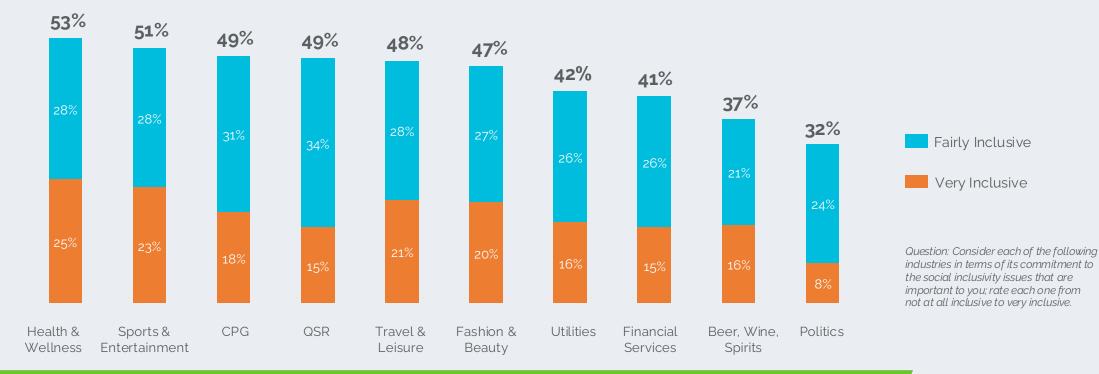
46% of US Latino Gen Zs always or often researched Brand Purpose (vs. 31% of US Gen Zs overall)





AND NOT ALL INDUSTRIES ARE PASSING THE TEST

For Gen Z across the US, Health & Wellness, Sports & Entertainment, and CPG performed best, while Beer, Wine & Spirits, and Politics have the most room for improvement



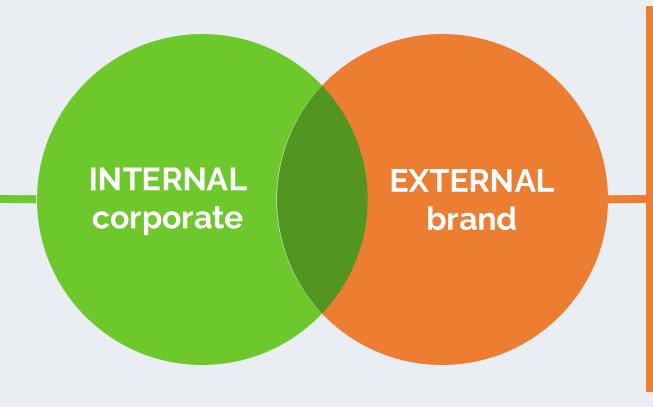


US Latino Gen Zs rank Sports & Entertainment, Travel & Leisure, CPG as the most inclusive categories



BOTH INTERNAL PRACTICES AND EXTERNAL COMMUNICATIONS COMPRISE INCLUSION

- Inclusive work culture
- Diverse employees at all levels
- Equitable labor practices and policies
- Accessible workplace
- Consistent investment
 in inclusive causes

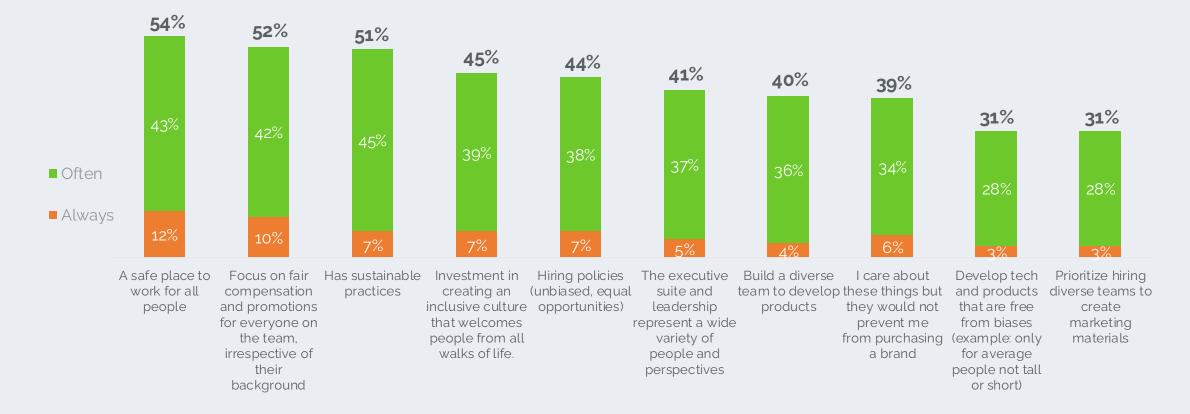


- Inclusive marketing and communications
- Meaningful brand purpose
- Transparency and accountability to commitments
- Community
 involvement

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THEY CONSIDER CORPORATE BEHAVIORS WHEN MAKING PURCHASE DECISIONS



Question: When choosing products and brands, how often do you consider each of the following company/corporate behaviors when purchasing?



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WHEN INCLUSIVE MARKETING IS DONE AUTHENTICALLY, IT INCREASES PURCHASE INTENT

THE PURCHASE INTENT IMPACT OF CAUSE-INCLUSIVE ADVERTISING

INCLUDED IN ADVERTISING	START/ INCREASE
Causes important to you	48%
Authentic situations for the people shown	44%
Causes relevant to the product	42%
People like you	42%
Beyond stereotypical roles	37%
Diverse media outlets	35%

Backing relevant causes with relatable, authentic storylines is a winning combination for driving consideration.

Question. When you see advertising for a brand, how does each of the following impact your desire to buy the products?



US Latino Gen Zs highlight supporting causes relevant to the brand (46%) or important to them (44%), and showing people like them (44%) in authentic situations (42%)





DEFINING AUTHENTIC INCLUSION

They want to see themselves and their communities **not just "visibly represented" but "authentically reflected."**

The more specific the story, the more human and authentic, the more resonance it will have for Gen Z because it reflects their reality. "Often, discussions around diversity and inclusion focus on one dimension at a time, neglecting the complexity and interconnectedness of various identities. It is crucial to highlight the intersecting nature of identities." Mayra

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BUT INCLUSION THAT FEELS FORCED OR TOKENISTIC CAN DECREASE PURCHASE INTENT

Showing a broad range of people or more than one marginalized group [without delving into their experience]

DECREASES PURCHASE INTENT BY



For US Gen Z Latinos, this goes up to 13%!

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THE ROAD TO REDEMPTION DOESN'T HAVE TO BE SCARY

Canceling happens due to hypocrisy.

But if brands demonstrate transparency & accountability, they can be redeemed! "I would cancel my relationship with a brand if I felt it was misleading, took destructive actions, or that held values that go against my own. In my mind this is different than making a mistake and taking steps to rectify it, which in my mind is redeemable." Jaden



AUTHENTIC BRANDS PRIORITIZE LONG-TERM SYSTEMIC CHANGE **OVER SHORT-TERM** MARKETING TACTICS.



Irene, USA

They invest in sustained efforts to address inequalities in their organization and industry.

They actively listen to their employees, customers, and communities, and even stakeholders like social justice organizations.

They use this input to shape policies, practices, and campaigns to ensure their efforts are aligned with the needs and priorities of the marginalized.







TAKEAWAYS: KEY REVELATIONS



Brands are at their best using their platform to teach the public about inclusive issues



Gen Z sees inclusion as contextual and intersectional, rejecting broad generalizations



Gen Z wants brands to focus on what they can influence – and not glorify unattainable lifestyles



A brand's inclusive approach and partnerships have purchase intent ramifications with Gen Z



Inclusion always involves systemic investments AND marketing tactics



AS MARKETERS, WE MUST EVOLVE OUR CRAFT



OPPORTUNITIES TO DO INCLUSIVITY DIFFERENTLY





BRANDS DOING IT RIGHT



Ben & Jerry's

Shift 1: from Pandering to Teaching



"Ben & Jerry's have shown a commitment to **social justice and progressive values**.

They have consistently advocated for...racial justice, LGBTQ+ rights, climate change, and fair trade....Their effort has supported my vision of what a brand needs to be because they are influencing society in a direction that makes it **more equal and safe for me and many others.** Plus they often do it through the ice cream they produce and name." – Jordan



Stolen Indigenous Land— This July 4, Let's Commit to Returning It

McDonald's

Shift 2: from "Mass Representation" to **Specific Stories**



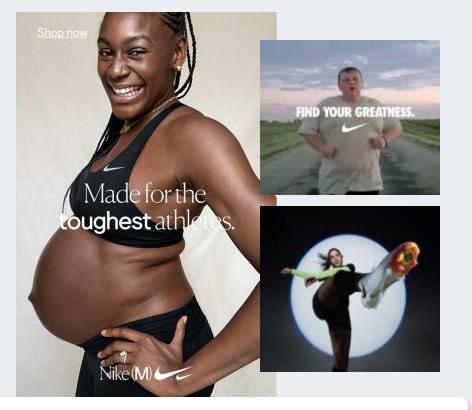






Nike and Aerie

Shift 3: from (narrow) "Aspirational" to Realistic



"Shows that someone who is an athlete does not have to be the typical man with a defined body in the gym." — Carla "Aerie ... don't make people with disabilities look special or make big hoopla that they are featured. You can just go on their website and **see women with colostomy bags modeling bralettes**, women in wheelchairs modeling underwear, **all shapes, sizes, colors and identities** are represented without difference." — **Bria**







Shift 4: from Insularity to **Community Co-Creation**



Mattel unveils a Barbie with Down syndrome





Shift 5: from Inclusive Marketing Inclusive Organization

How UGG Is Taking Steps On Its DEI Journey

FEEL GOOD is a natural expression we use often to describe how customers and employees feel about the brand. We're happy that UGG brings a sense of ease to the everyday, creating a culture where everyone feels comfortable in their own skin.

This ethos influences how we think about diversity, equity and inclusion (DEI) as a company, too.

For us, championing diversity within our workforce and customer base is key to the brand we want to build.

At the same time, we recognize that only by integrating real equity and inclusion in the communities we are part of can we foster that feeling of *belonging* stand for as a company.

In 2021, we took significant steps to transform our vision and values into action. Here's a look at some of the highlights, and where we're going next.

IN OUR WORKPLACE

Having a diverse workforce influences our company from the inside which is critical to making sure we are an inclusive brand that celebrates all of our beautiful differences. That's why we've been working hard to boost representation within our own teams, adopting more inclusive interview and selection practices and partnering with historically Black colleges and universities to widen the pool from which we recruit. In 2021, 43% of all the new faces that joined our U.S.-based corporate office identify as BIPOC.

But real DEI is about more than just numbers. True equity and inclusion comes from challenging existing perspectives within our business and putting in the work to learn, and unlearn and to be better. All UGG employees have now participated in mandatory courses that cover unconscious bias, allyship, and DEI fundamentals.

Most importantly, we want employees from underrepresented groups to have a seat at the table when daily business decisions are made. That's why our parent company has pledged to increase the representation of BIPOC employees in positions of leadership – at Director level or above – to 25% in the United States by 2027. Further, any interviews for these positions are conducted by a diverse panel of interviewers.



- 60% of their imagery from underrepresented groups
- Rigorous internal bias and allyship training
- Recurring \$500K donation to Racial Justice Advocacy
- Third-party Gender Equality Certification

"I think UGG is doing DEI well because, firstly, they focus on **all components of DEI.** They also are pretty **open and specific** about the work they are doing. Importantly, beyond internal company policies, they are **taking strides to address the issue at a systemic level**—this is important because its the only way truly meaningful change will occur."

- Xialene

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Brands *publicly* holding strong are still the majority





ABOVE ALL, BE BRAVE AND DON'T SIT IT OUT!

COURAGE IS A VIRTUE THAT WON'T GO UNNOTICED

THE "RISK" IS MORE MIRAGE THAN REALITY

FAILURES CAN BE REDEEMED, AND COMPLACENCY IS WORSE

NEVER LOSE SIGHT OF HOW YOUR EFFORTS CAN EFFECT POSITIVE CHANGE

"Today, you have to build a business case for DEI, show the numbers and sometimes that helps move the needle, or sometimes it stops it altogether. It's a financial equation, but involves human lives. It takes fearlessness. It takes empathy...and if you're a brand that, despite the cultural imperatives, in service of numbers, doesn't want to take the risk, you're probably going to be left behind."

Kathy Dini James, Corporate/Brand Expert, USA

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To get a copy of the full report

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