BEHOLD GEN Y

GEN Z IS COMING
Who are Gen Z? Digital Natives. iGen.

GENERATION Z:
CONNECTED FROM BIRTH.
Born mid-1990s to 2010.
Characteristics:

- Always ON, doesn’t distinguish between online and offline channels, as other generations might;
- Researchers: used to get info in few clicks;
- Smart shoppers: access to product information;
- Pragmatic: 2008 crisis;
- Phone addicted: FOMO, Nomophobia;
- Multitasking: 5 screens, simultaneous activities;

...
Why do they matter?

- 26% of population now;
- They contribute $44 billion to the U.S. economy and influence $600 billion in family spending.
- By 2020, they will represent 40% of consumers in the United States and will spend $200B annually.
- Different habits and behavior = Different Personas;
Gen Z vs Millennials

- Millennials were raised during economic expansion. Gen Z – 2008 Recession. It defines spending vs saving habits. Gen Z are savers.
- Favorite site: Amazon vs Youtube;
- Share everything vs Share carefully. Gen Z are wary of ‘permasharing’, concerned about privacy (cyberbullying and online sexism). Finsta.
- Share content vs Create content. 43% of Gen Z creates content every day.
- Communications: Text vs Images & Video.
- Attention span: 12 sec vs 8 sec.
- Millennials Cohort is too wide (college alumni vs family guy). GenZennials – 16-24 years old. 40 millions in US.
- Kids 3-11 years may become a separate cohort because of different patterns (InVision study)
Gen Z and Tech
Gen Z are early adopters. They prefer and expect connectivity, and get impatient when the world lags behind. The ability of technology to help make Gen Z smarter, more capable, and more connected is a core part of how they live their lives.

<table>
<thead>
<tr>
<th>PERCENTAGE INTERESTED IN A NEW TECHNOLOGY</th>
<th>PERCENTAGE THAT SAYS ONLINE ACCESS IMPACTS THEM A LOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>44% Virtual reality</td>
<td>Total 50%</td>
</tr>
<tr>
<td>41% Artificially intelligent personal assistants</td>
<td>Total 49%</td>
</tr>
<tr>
<td>39% Driverless cars</td>
<td>Total 42%</td>
</tr>
</tbody>
</table>

Who you socialize with (other connected people)

The kinds of products you purchase

Where you go on vacation

How you make purchases

How you live/will live in the future
Tech-driven loyalty

• Brand loyalty = seamless **customer experiences**.
• Gen Z are more likely than Gen Y to become disloyal to a brand due to **poor tech execution**;
• Gen Z 2x more interested than Gen Y in **instant gratification features** (1h delivery made by drones, ability to purchase via chat apps or social media, personalized UX via AI and the ability to pay using wearables).

<table>
<thead>
<tr>
<th>Which of the following would most likely make you stop using a product, service, or brand? (Please select up to three)</th>
<th>What future capabilities would keep you most loyal to a brand, product, or service? (Select all that apply)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poorly designed mobile features</td>
<td>Gen Y (23-37)</td>
</tr>
<tr>
<td>23%</td>
<td>16%</td>
</tr>
<tr>
<td>Slow responding online chat for sales or customer service issues</td>
<td>20%</td>
</tr>
<tr>
<td>Poor features/responsiveness on social media</td>
<td>21%</td>
</tr>
<tr>
<td>Customer service only available via phone or in-person</td>
<td>12%</td>
</tr>
<tr>
<td>Same-day delivery</td>
<td>Gen Y (23-37)</td>
</tr>
<tr>
<td>57%</td>
<td>56%</td>
</tr>
<tr>
<td>Mobile self-check out and pay at physical stores</td>
<td>34%</td>
</tr>
<tr>
<td>1-hour delivery made by drones</td>
<td>22%</td>
</tr>
<tr>
<td>Ability to buy things via chat apps or social media</td>
<td>9%</td>
</tr>
<tr>
<td>Ability to buy and pay on the go using only my voice</td>
<td>8%</td>
</tr>
<tr>
<td>Ability to buy items using a watch or other wearable device</td>
<td>8%</td>
</tr>
</tbody>
</table>
Self-service

• Gen Z shows increased proclivity towards adopting self-service and automated resources.

• Gen Z **Top 3 customer service channels** - text/SMS, online resources search, call automated system – i.e. not speaking with a customer service. 2x comparing with Gen Y.

• Gen Y **Top 3 customer service channels** – Website Chat, Phone call with service rep, text/sms.

• 22% more likely than Gen Y to prefer **in app notifications** to receive offers, incentives and sales notifications.

• 23% more likely than Gen Y to prefer **interacting via social media** to receive offers, incentives and sales notifications.
Privacy and data security

• Don’t want to be tracked: they are more concerned about phone’s geolocation than their privacy settings => incognito social media Snapchat, Secret, Whisper.

Less than 30% of surveyed Gen Zers are willing to share health and wellness, location, personal life or payment information.
Platforms interaction

- 88% use Instagram and Snapchat
- 81% use Facebook
- 66% use Twitter, and 50% say they “use it often”
- Snapchat is most valued for keeping in touch with friends (89%)
- 78% use Snapchat daily
- 76% use Instagram daily
- 66% use Facebook daily
- 71% use Snapchat more than six times per day
- 51% use Snapchat more than 11 times per day
- 90% of Snapchat users surveyed said they enjoy the Geo-Filters
- 85% of Snapchat users surveyed said they enjoy the Snapchat Lenses
- 50% of Snapchat users surveyed said they’d feel disconnected from friends if not for Snapchat
- 25% of Snapchat users surveyed said indicated Snapchat is essential to their relationships
- Top content types of surveyed students were “real stories or day-in-the-life,” videos, “Behind-the-scenes videos,” and “How-To videos.”

- Facebook – information hub
- Twitter – real-time engagement
- Instagram – aspirational platform
- Snapchat – real life
Have you heard about this?

- KIK
- GroupMe
- Bitmoji
- Musical.ly
- VSCO
- Twitch
Gen Z and Media
### Digital Natives:
- Always connected - 50% of Zs are online 10+ h/day
- Spend 3h/day consuming video, music, social via smartphone
- Video Consumption sources: 60% OTT, 30%TV.
- One in five Gen Zers don’t watch TV
- The younger the Gen Z, the more they will consume content in a more natural, seamless way
- All its reading online, almost never in print;
- Gen Zers use five devices a day: smartphone, TV, laptop, desktop and tablet.

### Social Media Natives:
- SM is not just a broadcasting platform, but a way to engage their community;
- Influencers are the new stars: production, distribution, engagement;
- YouTube is a favorite – 72% visits it daily.
- 33 % of all Gen Zers watch lessons online, for everything from craft and hobby projects to algebra and geography;
- 13 % check their phone every few seconds;
- 32% collaborate with classmates online

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### MOST USED DEVICES

**GEN Z**
- **Smartphone**: 15.4 hrs
- **TV**: 13.2 hrs
- **Laptop**: 10.6 hrs

**MILLENIALS**
- **Desktop**: 16.4 hrs
- **Smartphone**: 14.8 hrs
- **TV**: 14.8 hrs
Social media behavior

01. Generation Mobile
AVERAGE DAILY TIME SPENT ON THE FOLLOWING

02. Social, Social, Social
TOP SOCIAL MEDIA PLATFORMS
Global (exc. China)

03. Time Rich
TOP 5 REASONS FOR USING SOCIAL MEDIA

04. Social Research
TOP 5 BRAND RESEARCH CHANNELS

TOP 5 DEVICES OWNED

Figures represent the percentage-point difference between Gen Z and Millennials

Generational Media Behavior

Music Streaming
Radio
Online TV
TV

Social networks
Search engines
Mobile apps
Consumer reviews
Product/brand sites

Smartphone
PC/Laptop
Tablet
Smart TV
Games console
# Content Consumption

**Acumen Report**

**Not Just Snacking on Social**

<table>
<thead>
<tr>
<th>Social Media Type</th>
<th>Using</th>
<th>Hours Per Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td>91%</td>
<td>5.9</td>
</tr>
<tr>
<td>Facebook, Instagram, Snapchat, Tumblr, Twitter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free</td>
<td>88%</td>
<td>6.2</td>
</tr>
<tr>
<td>YouTube, Vine, Twitch</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription</td>
<td>76%</td>
<td>8.8</td>
</tr>
<tr>
<td>Netflix, Amazon, Hulu, Sling, HBO/SHO, Sports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cable/Satellite TV</td>
<td>62%</td>
<td>8.2</td>
</tr>
<tr>
<td>Live, DVR, app</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Videos Usually Watched on Social**

- TV/Movie Celebs: 12%
- Sport Celebs: 5%
- Brands: 6%
- Digital Celebs: 25%
- Musicians: 12%
- Friends & Family: 15%
- People Not Known Personally: 25%

**Free**

YouTube, Vine, Twitch
Snackable content

• Snackable content is designed to be bite size nuggets of information that can be quickly consumed, understood and shared. Often creates deeper meaning through references to shared stories or experiences.

• Videos, quotes, infographics, memes, streams;
Content: interact, not consume

As a Content Consumer, I want:
To get content with any device;
To have good UX (fast loading, without annoying pop-ups etc);
To get content that is relevant to my interests;
To get high-quality (high-res, etc.) content;
To consume content in innovative formats: AR, VR, 360.
To get content ASAP
To get content from trustworthy source
Content to be interactive – discuss content with others, shoppable, speak with author etc.
Content to be adaptive on demand – preview/short version, day/night

What to do with content:
To search through the content;
To resume consuming where I’ve stopped;
To save and manage content;
To share content
Commerce and Finance
Gen Z and Financial instruments

- Despite most of Gen Z is still in school, they are already financially empowered consumers worthy of attention from financial institutions.
- They don’t trust big banks (2008);
- 48% Gen Z are savers (vs 40% Millennials). 58% of teens 13-17yrs are already saving money.
- 81% make purchases on their own, and 77% keep careful track of their own finances. They already have some sort of experience with using a financial instrument such as a credit card (27%) or checking/savings account (72%).
- As they continue their advancement in the workforce, Gen Z will quickly become a focal point for brands.
- 39% of Gen Z said Mobile Banking is most important vs 11% support traditional online banking.

Which of the following types of financial instruments do you personally use and/or have experience with? (Please select all that apply)

- Checking or savings account: 72%
- Prepaid store gift card: 49%
- Prepaid credit card: 36%
- General purpose credit card where I am the primary account holder: 27%
- General purpose credit card where I am a secondary account holder: 16%
- Peer-to-peer payments: 15%
- Investment account (e.g., 401K stocks, bonds): 14%
- Bank loan: 14%
- Private-label (store-branded) credit card: 10%
- Mortgage: 7%

Base: 1,027 consumers with experience with digital purchases and/or digital customer service
Source: A commissioned study conducted by Forrester Consulting on behalf of American Express, March 2017
### Payment methods

#### What types of digital/mobile payment methods have you used in the past three months? (Please select all that apply)

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>Gen Y (23-37)</th>
<th>Gen Z (16-22)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third-party money transfer system (e.g., PayPal)</td>
<td>52%</td>
<td>40%</td>
</tr>
<tr>
<td>Card-branded digital wallet (Visa Checkout, MasterPass, Amex Express Checkout)</td>
<td>29%</td>
<td>43%</td>
</tr>
<tr>
<td>Store-branded mobile payment (e.g., Starbucks, Walmart Pay)</td>
<td>38%</td>
<td>33%</td>
</tr>
<tr>
<td>Device-specific mobile payment (e.g., Apple Pay / Android Pay / Samsung Pay)</td>
<td>22%</td>
<td>33%</td>
</tr>
<tr>
<td>Peer-to-peer payments (e.g., Venmo, Chase QuickPay)</td>
<td>22%</td>
<td>16%</td>
</tr>
<tr>
<td>None of the above</td>
<td>18%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Base: 1,027 consumers with digital purchases and/or customer service experience

Source: A commissioned study conducted by Forrester Consulting on behalf of American Express, March 2017

### How Gen Z wants to shop and pay

**PERCENTAGES OF AMERICANS AGE 18-22**

- Would visit store more if they could check stock beforehand: 66%
- Prefer paying a live associate at the register: 38%
- Prefer self-checkout: 33%
- Prefer ordering online, picking up in store: 18%
- Would like "just walk out" purchasing: 39%
- Don't want biometrics to be part of shopping experience: 35%

Source: Adyen, September 2017
Buying decisions

- **Pragmatic** – better quality, less is more.
- **Reviews** from community, not just any review.
- **Huuuuuuuge community.** 1k Insta followers with 12% engagement is regular.
- 53% of consumers say they are more likely to buy a product after seeing it featured in an image provided by a **real customer**. Think how to get and share UGC.
- **Personal.** Personalized offers, coupons and discounts are not likely to get, its necessary.
- **Not boring.** Retailers should produce digital and physical in-store environments that work together and provide a cohesive experience where brands plan for customer digital interaction such as taking a picture in the space and sharing it on social.
Conclusion

A timely, personalized, secure, and entertaining experience is paramount. Gen Z is open to emerging technologies, particularly those that speed up the process of getting what they need.

Source – Forrester-Amex research
Questions:

• How to deal with “always on” while they are at the workplace?

• Mobile-first enterprise systems – when and how?

• How to use their ability to multitask?

• How to reach/engage/onboard consumer with 8 sec attention span?

• Is “snackable” content applicable in enterprise systems?
U wanna me work with this? SRSLY?

😂 😂 😂 😱 😱
Stats snapshot

96% of Gen Z owns a smartphone.

60% of Gen Z will not use an app or website if too slow to load.

74% average percentage of Gen Z's time spent online (outside of school or work).

2/3 of Gen Zers are interested in purchasing via social media directly.

The amount Gen Z contributes to the U.S. economy:

- 25% currently makes up 25% of all consumer spending.
- 40% is expected to grow in the next decade.

Percentage of the population that is Gen Z:

- 26% in 2015
- 33% in 2020

Total spending:

$44 billion

$16.6 billion
Conclusions

- They are still evolving – need to keep looking. We have to continually measure and readjust, because consumer behavior moves faster than patterns can be established.

- Be brief, there is no time for long actions – they make lightning rounds through accounts on dozens of platforms on 5(!!!) devices. Count it when prototyping UX.

- Be visual. Communicate with 🎥 and 😊 Live streaming 😍, text 😪

- Ensure their privacy is secured.

- They are your next Workforce. Make your systems connectable and convenient to work to ensure maximum productivity.