



A GUIDE TO FORGING
deeper connections
WITH GEN Z

table of contents

- 3 **Executive Summary**
- 4 **Introduction**
- 5 **Why Gen Z Matters**
- 6 **Who is Gen Z?**
 - 7 Digital Natives
 - 8 Pragmatic Realists
 - 9 Tolerant and Accepting
 - 10 Altruistic Self-Starters
- 11 **Where Do We Find Them?**
- 12 **How Do We Communicate With Them?**
- 13 **How to Stand Out to Gen Z**
- 14 **Sources**



executive summary

While the rest of the world has been talking about Millennials, the next generation of thinkers, doers and change-makers is coming of age. Generation Z, the next “it” generation, is making its way into the limelight, and businesses and marketers alike are scrambling to learn anything and everything they can about this increasingly significant age group.

Identifying Gen Z’s media consumption habits and demographic breakdown is easy to do with an endless supply of market reports and research studies available online. However, sorting through the data to understand what makes this generation tick takes a bit more time and thought.

The following white paper seeks to cut through the clutter to provide an in-depth and detailed summary of the newest “it” generation, identifying who they are, what matters to them most and how brands can communicate with them on a deeper and more meaningful level.

introduction

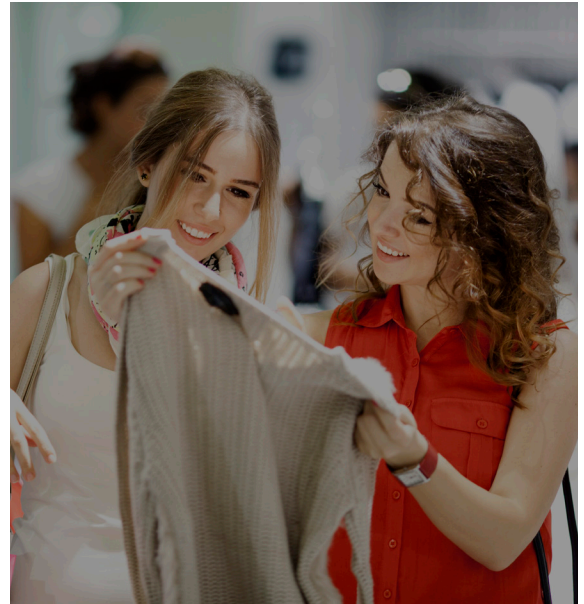
For a majority of marketing agencies and their clients, it is common knowledge that the more you know about your target audience, the better chance you have at getting them to do what you want. Whether that's buying your product, eating your food, clicking your ad, or talking about your brand.

Businesses spend thousands of dollars gathering data to identify their customers and find trends in their buying behavior. But despite the dollars spent on market research, the findings are often shallow and barely scratch the surface. More often than not, if you ask a marketing agency or its client to tell you about their target audience, you'll hear a variation of one of the following:

1. "Millennials, of course."
2. "Our target audience is teenagers 13-17."
3. "Our target audience is married women 35-44 with a median household income of \$100,000."

While each of these answers may be accurate, they don't tell us much about who the customer really is. What makes them tick? What motivates them to buy your product? How does your brand connect with them? Not just on a logical level (i.e. they need to buy food), but on an emotional level (i.e. your product is all natural and makes them feel good about the food that they're eating). Having the answers to these questions is a game-changer for marketers. Messages can be tailored, media placement becomes more strategic and advertising dollars are better spent.

Strategic marketing and insights are about more than just identifying your audience as Millennials or Gen Z. They go beyond common knowledge and looks past the stereotypes commonly associated with traditional audience segments. For example, Google "Gen Z" and you're bound to find hundreds of articles that talk about this "digitally native" generation. Gen Z spends hours on social media. They have short attention spans. They are pragmatic and diverse. **While all of these findings are interesting, has anyone ever stopped to ask why they spend so much time online or why they are more pragmatic than their Millennial siblings?** We asked why. We dug deeper. And we learned there's more to Gen Z than Snapchat and Pokémon Go.



why gen z matters

While Millennials soaked up the limelight and enjoyed substantial media attention, Generation Z (iGen or Gen Z) has grown quietly and steadily both in size and significance. According to a recent study by Goldman Sachs, Gen Z makes up 22% of the US population, which isn't far behind Millennials who currently hold the lead at 25%. Not only is Gen Z a new force to be reckoned with, but while the rest of the world was talking about Millennials, the oldest members of Gen Z have come of age, graduated high school, are attending college and are entering the workforce.

As this generation begins to earn a living, its spending power will certainly impact how products are sold. Whether saving up their allowance, which is averaged at \$16.90 per week, or finding a job early on, Gen Z's increasing spending power is certainly worth the attention. According to a Mintel report in 2014, this young generation has a spending potential of nearly \$200 billion. While many are still learning to read or have yet to start high school, Gen Z has been raised by parents who encourage their children to find jobs at a young age, which likely plays a role in why this generation is so driven and entrepreneurial. In fact, **4 out of 5 high school students feel that they're more driven than their parents.**

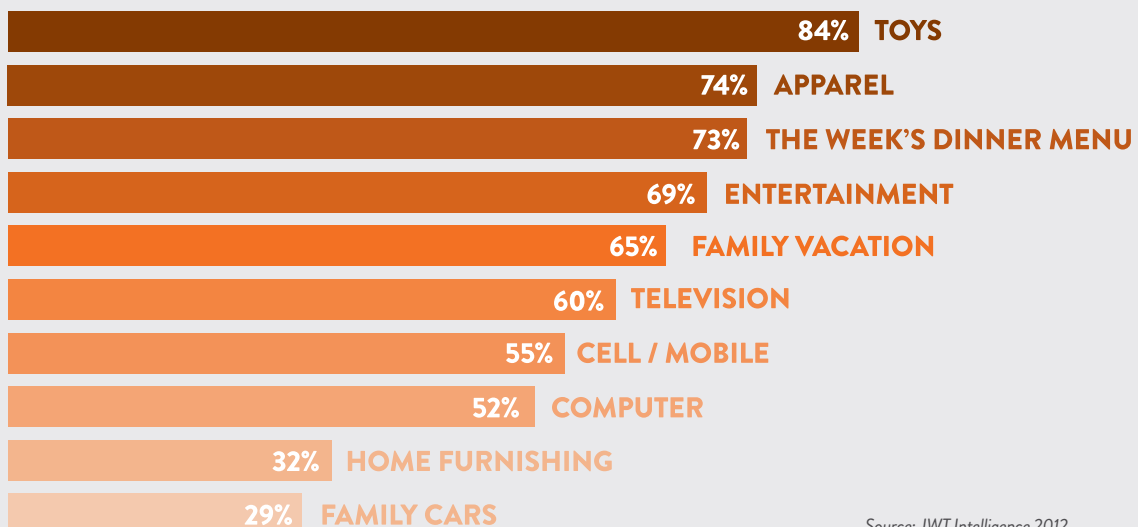
Even when we look at the younger members of this generation, their impact on household spending is still substantial. According to parents of Gen Z, their children have a significant impact on household purchases. Where a family decides to shop, eat or vacation is impacted by the opinions and values of the younger generation.

"This young generation has a spending potential of nearly \$200 billion."

But in addition to its sizable impact, this generation has also begun to influence how other generations behave. Just as Millennials taught their parents and grandparents about Facebook and Skype, Gen Z's will introduce new social platforms and evolve how we communicate in the future. Soon they will graduate college and enter the real world, meaning their values, opinions and behaviors will influence society as a whole. The impact of this generation is inevitable. By understanding who they are and what motivates their behaviors, we can get a first look at a vision for the future.

GEN Z INFLUENCE ON HOUSEHOLD PURCHASES

Percentage of moms who feel their Gen Z child is influential when purchasing the following:



Source: JWT Intelligence 2012

who is gen z?

Members of Gen Z were born between 1996 and 2010. Ranging from the age of 6 to 20, this young, up-and-coming generation grew up in a post-9/11 world where having an African-American president is the standard, the Internet isn't new, and smartphones aren't used for calling but instead for taking selfies and catching Pokémon. By taking a look at the major events and milestones that have occurred during the life of Generation Z, we can begin to understand how the world they grew up in helped shape their values, belief system and behavior.



DIGITAL NATIVES

Perhaps one of the most defining characteristics for Gen Z's are their astute knowledge of all things digital. **These “digital natives” spend nearly nine hours per day consuming media on three to five different devices.** While this might seem absurd to older generations who grew up without smartphones and Wi-Fi, it's unsurprising considering Gen Z was born into a world where Internet usage has grown at a rapid rate. In 1996 only 14% of Americans had access to the Internet, but by 2006 it jumped to nearly 75%. Most Gen Z members can't recall a time when information wasn't just a Google search away.

In fact, Google was invented only two years after they were born, meaning any question they had could be typed into the computer and answered within seconds. During the 1990s the Internet and online communication evolved tremendously, with the launch of email, AOL Instant Messenger, Yahoo, Hotmail and MSN Messenger. By the time Gen Z's were nine years old, the first generation iPod was released. Gen Z grew up listening to customizable playlists with songs downloaded for free on Napster. The launch of DVR and TiVo made instant entertainment even easier. Gen Z may be obsessed with technology and suffer from a short attention span, but the world in which they were born helped establish these traits for which they are often criticized.

“We are the first true digital natives. I can almost simultaneously create a document, edit it, post a photo on Instagram and talk on the phone, all from the user-friendly interface of my iPhone.”

- Hannah Payne

18-YEAR-OLD UCLA STUDENT AND LIFESTYLE BLOGGER



PRAGMATIC REALISTS

This never-ending access to information and entertainment not only gave Gen Z's their digitally savvy nature, but also turned them into pragmatists who see the world exactly as it is. Unlike Millennials who remember a world before the 9/11 terrorist attacks, the oldest members of Gen Z were only five years old when the War on Terror began. They are truly a post-9/11 generation who grew up in a world where terrorism was well understood, the war in Iraq and Afghanistan was ongoing, and the political turmoil that resulted has yet to be resolved. They watched their parents struggle with the 2008 economic recession, and they're still watching their older Millennial siblings struggle to pay for college, find jobs and afford healthcare.

Having witnessed their family struggle through financial fallouts, it's no wonder Gen Z's are known for being financially responsible and entrepreneurial. They understand that during hard times you must work harder, and often you can't rely on others to do the job for you. Scholars have compared Gen Z to the Silent Generation, or those that lived during the Great Recession in the 1920s. Their self-educating and common sense nature is driven by their experiences and eagerness to participate and make the world a better place.

"I definitely think growing up in a time of hardship, global conflict and economic troubles has affected my future. This applies to all my friends. I think I can speak for my generation when I say that our optimism has long ago been replaced with pragmatism."

- 17-year-old high school student



TOLERANT AND ACCEPTING

Rather than trying to fit in, Gen Z is all about standing out and accepting who you are. While Millennials grew up watching Disney princesses get saved by handsome princes, Gen Z's grew up watching Finding Nemo and Harry Potter. The heroes and heroines are outcasts who suffer from challenges like social acceptance. Growing up in an increasingly diverse culture, Gen Z is less aware of what is "different" in society and more aware of what is "accepted." Regardless of race, gender, ethnicity, body type or sexual orientation, Gen Z has learned to accept people as they are.

The only president this generation truly knows is Barack Obama, the first African American president. From politics to entertainment, the role models available to this generation are as diverse as they are. From Ellen DeGeneres and Caitlyn Jenner to Jaden Smith and Amy Schumer, being transgender, openly gay, a person of color or someone who struggles with body image makes you relatable and authentic rather than different or unaccepted. Even the most popular TV shows today highlight the new normal for Gen Z: "Modern Family" illustrates the changing definition of family, while "Orange Is the New Black" portrays strong female characters of every color, shape, size and sexual orientation.

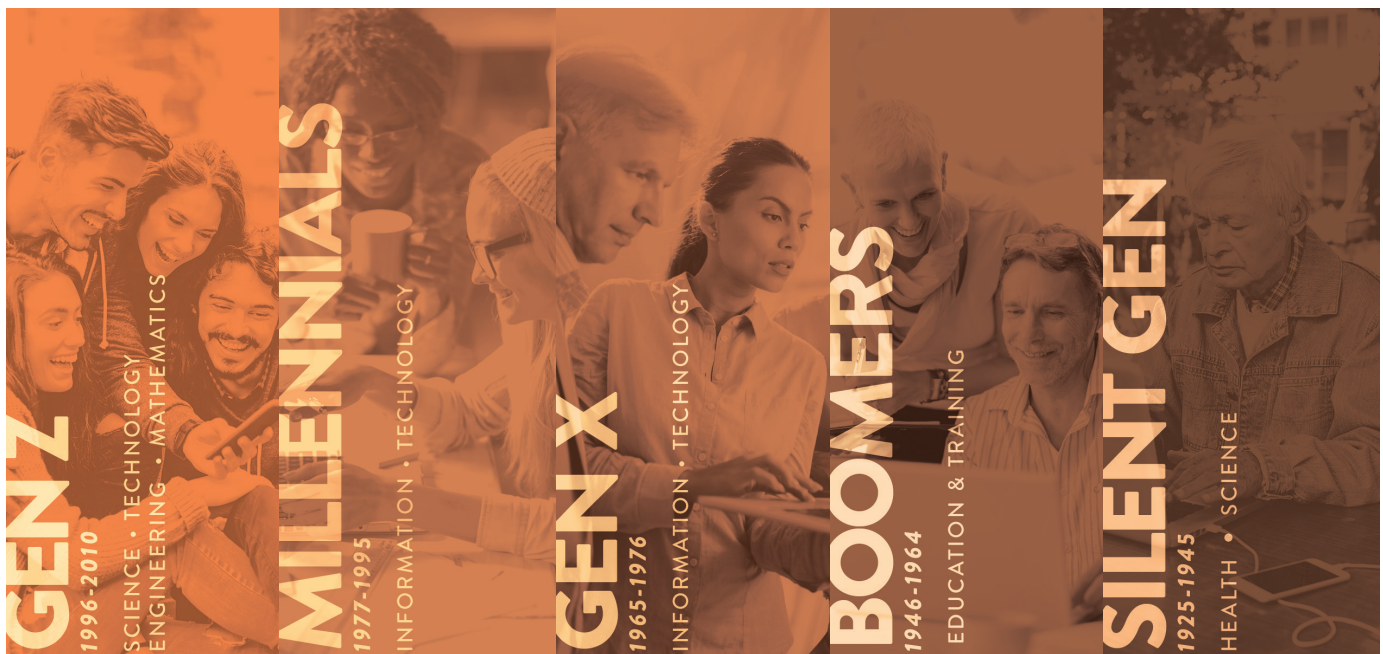
"We've grown up in the social media era, too, influenced every day by movements; web activism is huge – it's the culture we're raised in. Gen Z is one of those most accepting because we know nothing else."



ALTRUISTIC SELF-STARTERS

As the oldest members of this generation enter college and consider careers, their path into the real world is less entitled and more altruistic. **While Millennials are eager to make a difference and change the world, Gen Z is likely the generation that will make it happen.** According to Nielsen research, Gen Z is most interested in pursuing Science, Technology, Engineering and Math. This empowered, empathetic and self-starter generation is ready to get to work. Nearly 72% of high school students want to start a business someday, and 61% state they'd rather be an entrepreneur than work for an employer.

WHAT FIELD OF WORK* WOULD YOU PURSUE IF YOU COULD?



*Career choice with the highest percentage for each generation

Source: Nielsen Generational Lifestyle Survey Q1 2015

where do we find them?

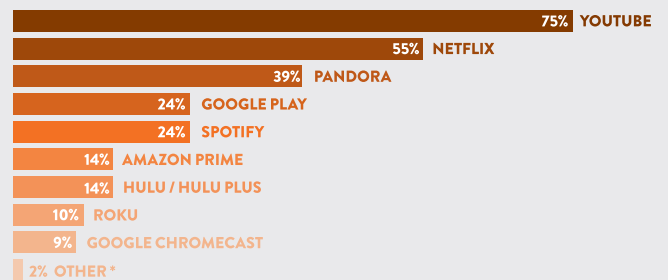
This digitally connected audience spends up to nine hours a day with a multitude of devices. Of those used most often, smartphones are at the top of the list, with 58% of teens indicating they use their smartphone more than their tablet, laptop or desktop computer. While 92% of teens 13-17 indicate they use the Internet daily, 56% log in several times a day, and 24% are almost constantly connected in one way or another.

The most common online activity for teens is music streaming. Youtube, Spotify and Pandora were some of the most used streaming services for US teens in 2015. In fact, Gen Z is 33% more likely than Millennials to listen to Spotify for more than five hours a week. Additionally, nearly 56% of teens are listening to free services, meaning they're exposed to the frequent commercial breaks that only paid subscribers can skip.



STREAMING PLATFORM / SERVICES USED REGULARLY BY TEEN INTERNET USES, JUNE 2015

% of respondents



Note: n=684 ages 16-19, *includes Beats Music, Crunchyroll, SoundCloud, Twitch and others.
Source: Refuel Agency, "Millennial Teens Digital Explorer," Aug 11, 2015

Along with music, Gen Z is breaking free from traditional broadcast TV and moving toward video streaming. Targeting ads and messaging via Vimeo, YouTube and Hulu are more likely to reach this audience than traditional commercials on broadcast TV. Unfortunately, two of the more popular streaming sites – Netflix and Amazon Prime – are ad-free. As more platforms offer ad-free subscriptions, advertisers will need to find more creative ways to get in front of Gen Z viewers.

Beyond streaming movies and music, the most-used social platforms for Gen Z are Facebook, Snapchat and Instagram, according to a study by the Fluent Group. While 75% of Gen Z's are spending more than two hours per day on any given platform, nearly half are logging into Facebook multiple times a day, compared to 35% for Instagram and 34% for Snapchat. While Facebook is currently in the lead, Snapchat usage is on the rise. Twitter and Pinterest are declining slightly, illustrating the struggle to maintain the attention of a generation whose interests are always changing. Advertising on social media platforms can be a great way to get a message in front of teens, but the challenge is making sure yours has an impact. Teens today are increasingly tired of being targeted on social media, and brands that appear inauthentic or untrustworthy will likely receive the cold-shoulder.

how do we communicate with them?

Finding places to reach Gen Z and communicate with them on a meaningful level are very different accomplishments. As brands seek to identify with teens today, the most important factors to consider are authenticity in message and delivery. Similar to Millennials, Gen Z values authenticity and originality above anything else. Pretending to be something other than what you are not the cultural norm for a generation that has grown up accepting and admiring those different from them. According to Adweek, “Teens don’t want to tweet with faceless brands. They want to engage with real people, and they can smell a disingenuous tweet a mile away.”

Taking a look at some of the social influencers most popular with teens today, it’s clear that the quirkiest the person and the more foolish the videos, the more popular they are. Social media stars like Lele Pons, King Bach, Pewtiepie and Smosh offer up unique, creative content that is too unusual and strange to be anything but authentic. The realistic and imperfect content found on Snapchat and Youtube is relatable, something Gen Z admires both in people and in brands.

Part of showing the authenticity of a brand is sharing the brand story. Whether you tell the story or not, Gen Z’s are more than happy to do their research and learn about a brand on their own. Being honest and open about what a brand stands for only increases the likelihood that teens connect on a deeper level. Teens today are ethical and well read in social causes, giving brands that tout social responsibility a leg up on the competition. It’s not enough to say you care about a specific cause; Gen Z wants to see how a brand works to make the world a better place.

But don’t assume that every teen is the same or cares about a product in the same way. Showing how a brand or product could be customized to meet a person’s unique need or personality highlights that you understand the value in individuality. MAC Cosmetics has successfully sold its products to a young audience by using various celebrity influencers to show that make-up products aren’t one-size-fits all. From Ariana Grande to Lorde, MAC highlights that its products can be customized to the type of person you are.

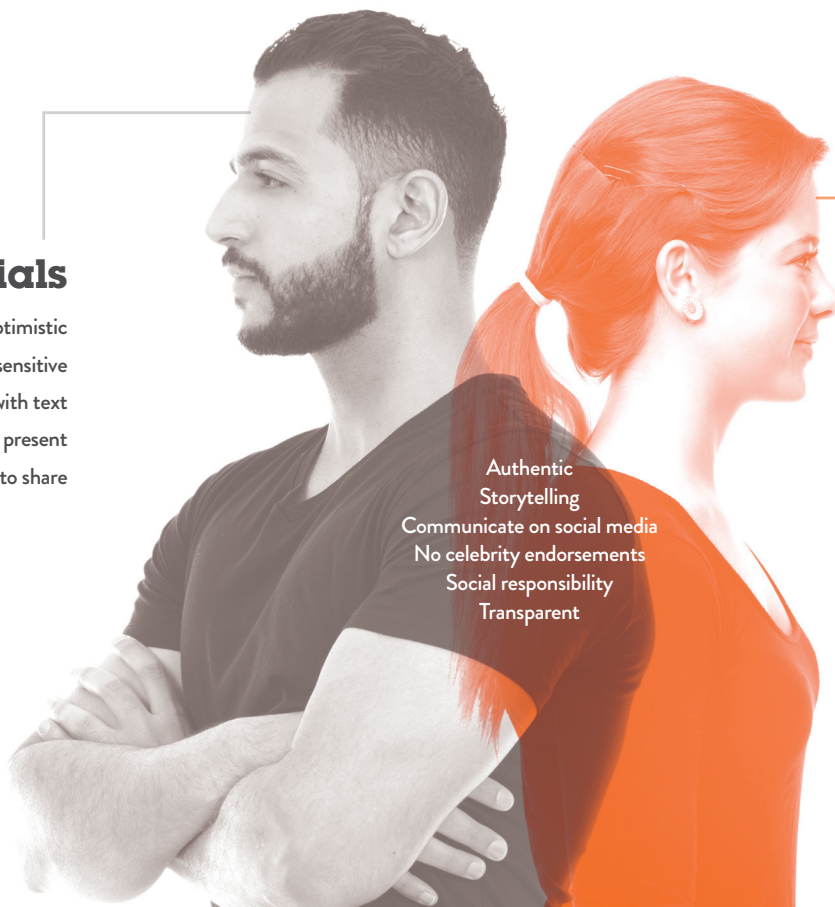
millennials

- Optimistic
- Frugal and price-sensitive
- Communicate with text
- Focus on the present
- Love to share

- Authentic
- Storytelling
- Communicate on social media
- No celebrity endorsements
- Social responsibility
- Transparent

gen z

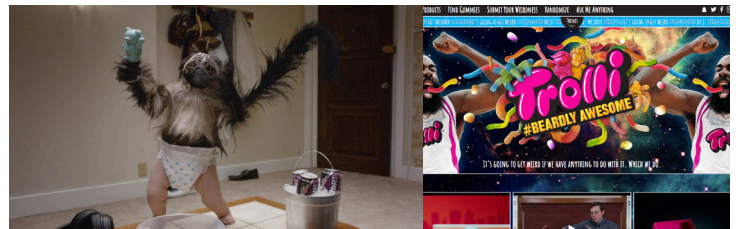
- Pragmatic
- Less frugal, more about value
- Talk with them, not at them
- Be open-minded
- Youtube
- Videos and images
- Feed their curiosity and entrepreneurial spirit
- Focus on the future
- Inspire
- Love to create





how to stand out to gen z

The biggest challenge with standing out to Gen Z is pushing the boundaries enough to appear not only authentic, but overwhelmingly fresh and unexpected. Ads with perfectly polished models and a professional finish will appear tired and expected. Considering the amount of time this audience spends online consuming a multitude of user-generated content, it's likely they've seen it all before. According to a Defy Media Acumen Report in 2014, US teens are more interested in seeing something they don't expect compared to content that is polished or professional. Brands like Mtn Dew and Trolli highlight the type of absurdity that resonates with this young generation.



Source: WJLA

Source: Trolli, www.WeirdlyAwesome.com

Above all else, creating snackable content that is quick to digest is much more captivating to Gen Z's, whose attention span is a meager eight seconds. Long-form content is less popular and will often be overlooked. Feeding your audience bite-sized ads that are image-based can help guarantee a message is received.

In conclusion, communicating with Gen Z is about understanding. Understanding their background, values and beliefs on a one-to-one basis. Marketers must remember that forging a relationship with Gen Z isn't about mass appeal - it's about the message. Then, the metrics will follow.

SOURCES

<http://www.today.com/money/generation-z-eclipse-millennials-economic-force-says-goldman-sachs-t59436>

<http://www.pewresearch.org/fact-tank/2016/04/25/millennials-overtake-baby-boomers/>

http://www.slideshare.net/sparksandhoney/generation-z-final-june-17/6-They_love_to_shop_especially

<http://totalaccess.emarketer.com/Interview.aspx?R=6001739>

<http://www.pewinternet.org/data-trend/internet-use/internet-use-over-time/>

<http://www.kpcb.com/internet-trends>

<https://www.statista.com/statistics/475821/spotify-users-age-usa/>

Mintel Report 2014

<http://www.pewinternet.org/2015/04/09/methods-teens-tech/>

<http://totalaccess.emarketer.com/Interview.aspx?R=6001739>

<https://civicscience.com/gen-z-streaming/>

<http://www.adweek.com/socialtimes/how-is-gen-z-using-social-media/636574>

<http://www.adweek.com/socialtimes/lithium-technologies-harris-poll-millennials-generation-z-ads-social-news-feeds-study/638873>

<http://wjla.com/news/entertainment/super-bowl-50-commercials-as-they-happen>

<http://www.weirdlyawesome.com/>



Lawrence And Schiller



@TheExtraMile



@ExtraMile5280



LawrenceAndSchiller