

GEN



& the

FUTURE

of MONEY



The day Gen Z & brands envisioned the future of money, together

In early September, we invited a group of 27 Gen Zer's, ages 13 to 20, and six executives from the banking, retail, electronics, and apparel industries, to participate in a full-day interactive session, Gen Z and the Future of Money. The goals for the day were to explore how this generation spends, manages, and saves their money, and to get their ideas on how to make spending and saving easier, faster, and more relevant to their lives. But the biggest goal of all? Getting execs to work side-by-side with Gen Zer's to get a glimmer of inspiration and kick start new ways of thinking about the future of their brands.

Everyone was enthusiastic and went into the day with eyes, minds, and ears wide open. Gen Z participants were specific and articulate, equal parts skepticism for the past and optimism for the future, which, as our group made clear, they are eager to create.

What follows is a recap of the day, and what we experienced and learned from bringing brands and their customers together.

“Everything is constantly changing. New technology, new ideas are more accepted than other generations. We’re encouraged to discover new things, be innovative, be creative and accept all new ideas — no matter who made them.”

— Sarah L., 19

Who is Gen Z?

Born 1995 or later, Gen Z is just starting to figure it all out. They're two billion strong worldwide, comprise about 26% of the U.S. population, and are the most ethnically and racially diverse generation in U.S. history. Whether they're still in grade school or just starting college, Gen Z sees the world in a fundamentally different way than any generation before them. They are a youthful powerhouse of fragmented complexity and social shrewdness, and technology is simply how they get things done. Add to this the fact that they already have \$44 billion in purchasing power – which is only going to grow as they do – and their future starts to look blindingly bright.

Gen Z is finding new ways to do old things. They're demanding better – from themselves, from each other. And from brands. Those that dial into this mindset will succeed. Those that don't will become irrelevant.

“Truthfully, I really don't think about companies that much.”

— Katherine K., 20

Advancing technology and major world events play a strong role in sculpting the principles, values, and behaviors of any generation. But technology in particular has made Gen Z potentially the most adaptable and knowledgeable generation ever, taking advantage of all they can self-teach. Also keep in mind: for the older side of Gen Z'ers, their first significant historical memory is 9/11. How's that for setting up an unsettling and shaky world? And, some of their formative years coincided with the Global Recession of 2008 – witnessing their parents lose jobs, downsize homes, recalibrate household budgets, and perhaps seeing their older Millennial siblings move home after college were all realities. They know change can happen in an instant.

Gen Z is growing up fast, with or without you. And they don't care about brands that much ... unless they fit seamlessly into their lives and connect them to the things they care about most. But to do that, brands need to stop relying on business as usual and start creating value from the inspiration of their customers.



“Gen Z is just a word. It's not really a thing you can describe people by. We're all still the same people. We were born into a generation with technology and we can evolve and become greater as technology advances to help people.” — Polan M., 15

Gen Z: Their Values

Insightful & Savvy

This generation’s knowledge goes beyond smart. **They know what they know, and they know what they *don’t* know.** They are curious information seekers with the world, literally, at their fingertips. As Becky M., 15, puts it, her life motto is “**Google it.**” In all facets of their life, big or small, they **want to make good decisions** and see **education and access to information** as the resources to help them do so. This generation doesn’t have helicopter parents; **they’ve taken charge of their independence and want to be treated with respect. This includes how companies treat them, too.** They understand the concept of profitability, but can see through traditional marketing or disingenuous motives. Gen Z wants companies to serve all their customers — not just them — in a transparent and socially responsible way.

*“Our generation is on the brink of a cultural revolution. People have no excuse with the mass information out there and the exchange of opinions globally, all the time – to not **feel a certain sense of responsibility with their money and their choices.**”*

— Hamza B., 20

Responsible Self-Starters

This generation is driven, hard-working, and responsible. If Millennials are entrepreneurial, Gen Z is inventive — **eager to put in the hard work to fulfill their dreams.** Despite the tumultuous world events that have happened in their lifetime, they remain **optimistic** for the future ... but are **realistic** about what it’s going to take to get there. When asked whether the American Dream still exists, they agree that it does. But they realize it’s just a bit different than it used to be: **it takes a dream AND hard work to get there, and technology can connect the two.** We see this reflected in wanting financial independence from their parents at an early age (yet, they have lots of respect for, and heed advice from, parents) and understanding the concept of making money work for them, today and tomorrow. Beyond that, they make **socially responsible** choices — whether that is a vision of working in sustainable energy or owning a small business — and want to help create jobs and contribute to a thriving, balanced global economy.

*“We’re a **generation of problem solvers** who are learning to take what we have and go a step further and go beyond what we already know.”*

— Gayane K., 15

Risk-Averse & Adaptable

This generation knows that anything can change at a minute’s notice, and we see this play out in **extreme pragmatism**, cautiously weighing the **practicality** of material purchases. Many have a savings-conscious mindset and critically evaluate the value equation of any purchase. And they acknowledge that when you have more information, decisions can be even harder to make. At the same time, they see technology advancing day by day and know that something that exists today could be improved tomorrow. **Permanence isn’t a standby for them, but adaptability is.**

*“the world around us is constantly changing – **businesses need to be more malleable.** What I like now I probably won’t even like tomorrow. Who knows?”*

— Sarah L., 19

Tech-Enabled

With access to computers and smart phones at a very early age, you might be surprised to hear that **this generation doesn’t consider themselves to be “Digital Natives.”** They see babies and toddlers today operating iPads and iPhones more deserving of this title. While technology is a tool and the reality of the times, they still **crave and value human contact.** They don’t see themselves as different from other generations that use technology; they just have the **adaptability to learn faster** or the **self-starter mentality to figure things out** on their own. Technology doesn’t — and shouldn’t — replace human contact, it just manifests in a different way by amplifying real-life experiences. **In fact, they actively seek ways to disengage from using technology.**

*“I know we have social media to make everyone feel like they are really connected, but how much human contact is left after technology? **Technology doesn’t accurately substitute human contact** and I think we’re lacking a lot of that.”*

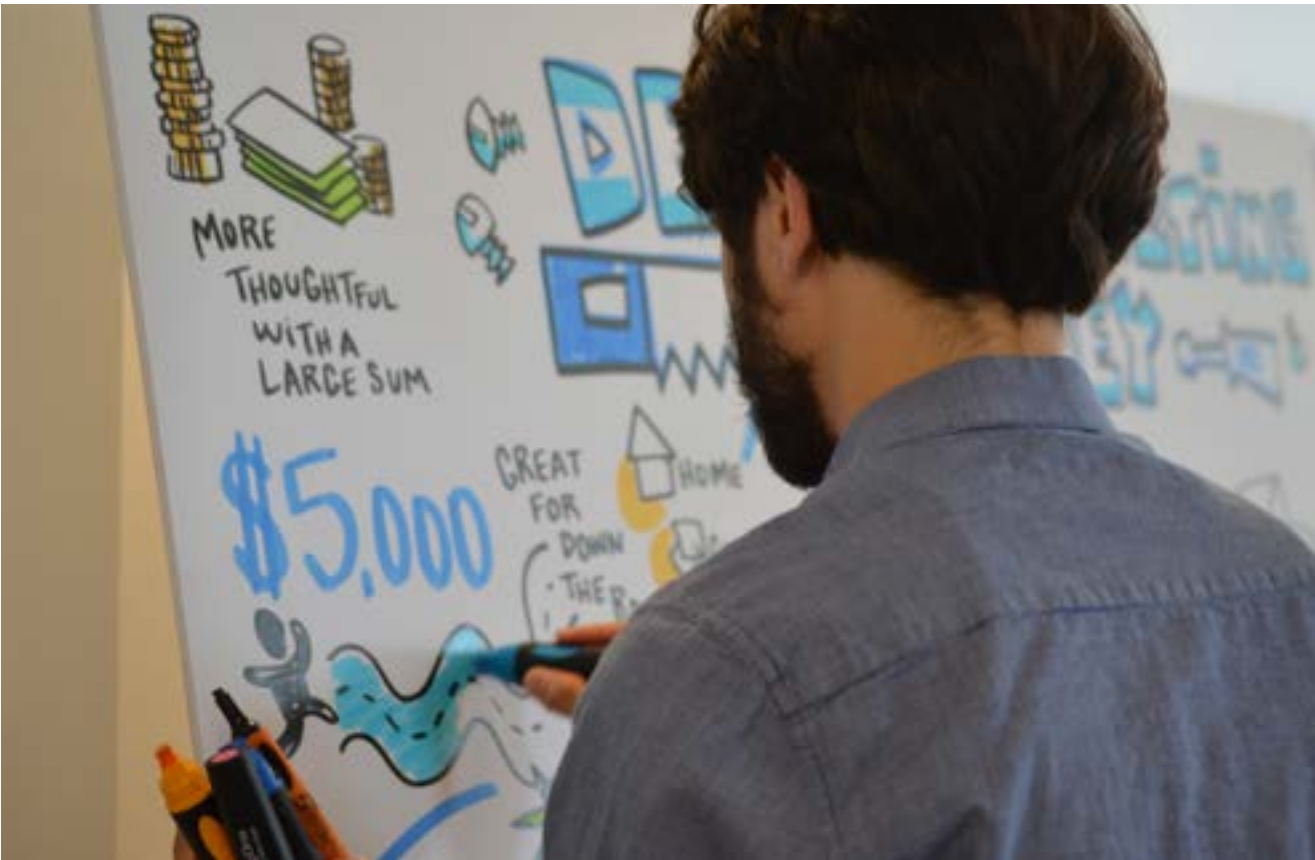
— Katherine K., 20

Relationship with Money

As Gen Z anticipates entering the “real world” and getting it all figured out, they have a contradictory relationship with money. On one hand, **money is a tool that enables them and gives them freedom and independence.** On the other hand, **money represents the fear of being reckless, stresses them out, and can be intimidating.** Regardless of the positives and negatives, they approach money from a very thoughtful and conscientious place.

*“I think to most people my age, **money is an intimidating topic.** My hopes are that I can continue to do what I like to do and not have to worry about money. My fear is that I will be imprisoned by money. It’s the two sides of the spectrum that are intimidating. To overcome that fear, just **understanding money and how I can make money work for myself, as opposed to working for money, will help me overcome that fear.**”*

— Hamza B., 20



The Future of Banking

A world of electronic payment.

Because Gen Z'ers are infrequently touching or feeling cash, **money feels abstract** — making it harder for them to take control and actively manage it. They welcome ways to make money feel tangible, regardless of how they store, save, and pay.

“Whenever I think of money, I think of it as a tool. A lot of times it’s just that transient thing that goes through your wallet.”

— Joel M., 19

“If you use a credit card, you’re more apt to spend. You’re going to spend 12%-18% more money on a credit card versus cash. The physical motion of getting rid of a dollar bill is harder than just swiping a credit card.”

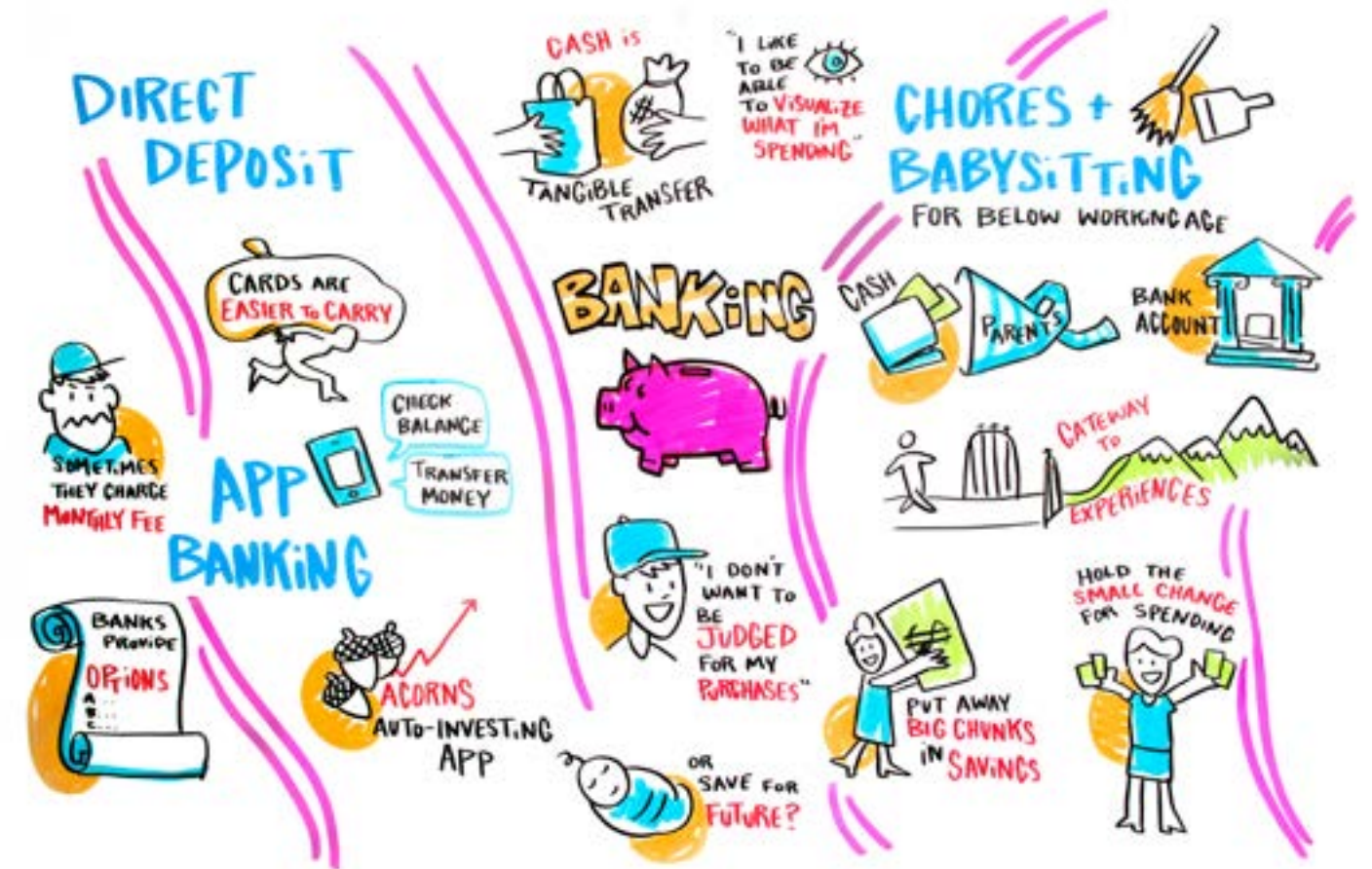
— Zack A., 15

Taking financial control.

Gen Z wants to **own and manage their financial future**, but they openly admit that they’re not sure how. As such, **they are looking for companies to provide the tools and education — on their terms, and in their language — that can help them demystify banking.** Furthermore, they want win-win solutions. **The companies that reward them for learning about future financial milestones will gladly earn their trust, business, and loyalty.**

Tackling financial challenges,

one obstacle at a time. Knowing this generation is pragmatic and uncertain about the future, you’d think they’d be making long-term plans with their current funds. However, knowing how fast the world changes, **short-term savings are key.** They realize they need to accumulate enough money in the near future to open doors for new opportunities and experiences. But retirement isn’t on the horizon — their first job is! It’s a major life milestone that will set the stage for an evolving perspective on saving, banking, and financial planning.



The Future of Shopping

As a risk-averse and knowledgeable generation, **Gen Z takes shopping seriously**. While they may have limited funds now – whether through side jobs or allowances from their parents – they are establishing behaviors that will carry them through the years and evolve the future of retail and the shopping experience.

No regrets. Gen Z values making smart, informed decisions, especially when it comes to how they are spending their money. **They research incessantly – sometimes, self-admittedly, to a detriment – before, during, and after their purchase.** Part of their research regularly includes going beyond the brand itself. **They value and trust 3rd parties** – starting with their friends then to YouTube bloggers, social networks, general reviews and then even negative reviews to anticipate the “worst it can get.” Part of this research is their hunt for extreme value.

Brick and mortar stays put. For Gen Z, **shopping is still a tactile and social experience**. There will always be a need for them to touch and feel items and speak to experts when they need help most. But they do seek the right digital connection, when it matters to them – whether that be **immediate person-to-person help online or checking reviews in-store when debating a purchase.**

Experiences over stuff. Gen Z **values shared experiences over material goods** – connecting with friends and family through vacations and events. That said, when they do shop for material goods, they critically assess the equation of **value = quality + price**. Interestingly, they **value mainstream brands** as much as independent sellers, but for different scenarios. As shoppers, they have all been “burned,” whether through a non-credible seller or through bunk warranties or no return policies. In some cases, like when making an expensive purchase where quality matters, they prefer mainstream brands – a name they trust and recognize will back up their purchase decision. But, for more personalized purchases where they care about quality or uniqueness, they turn to independent stores and sellers (think Etsy, etc.).

“I value experiences more than I value materialistic goods. Something I can buy in a store doesn’t have as much value as a concert that I go to with my friends or a show I go to with my parents or grandparents.”

— Angelika Z., 19



So what does the future hold?

It’s up to them. In Gen Z’s world, change is constant. And normal. They’re always adapting, and they think businesses should, too. After all, as one Gen Z participant pointed out, “the world around us is constantly changing.”

During our trend-spotting and inspirational session, Gen Z postulated what the future of apparel, banking, shopping, and electronics looks like — as well as co-created some potential solutions for the clients we had in the room. Their predictions underscored the need for brands to fit seamlessly — and sometimes creatively — into their lives, integrate technology in a human way, and create experiences and products that deliver immediate and relevant value, all on Gen Z’s terms.



At C Space, we work with some of the world’s best-known brands to create new value and growth using the inspiration of their customers. Including Gen Z. To figure out what the future of your brand might look like for Gen Z, reach out to marketing@cspace.com.

ABOUT THE AUTHOR

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As a lifetime student of sociology and a devour-er of all things culture related, Amanda Fraga resides in NYC as C Space’s trends guru. She helps brands stay on the forefront of generational and industry trends and the global nuances behind them.

