



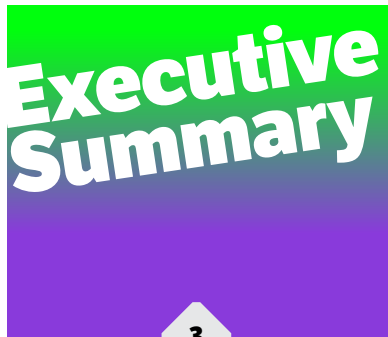
The Everything Guide to Generation Z

They're starting to enter the workforce,
shape tastes and disrupt whole industries.
An exclusive study of a cohort on the
verge of greatness

By Vision Critical
With research by Maru/VCR&C



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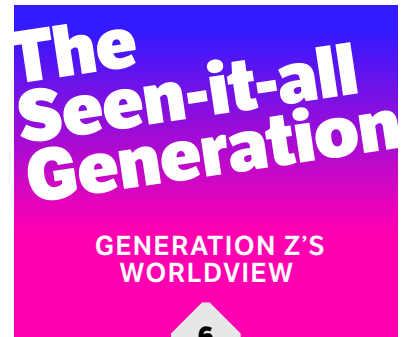


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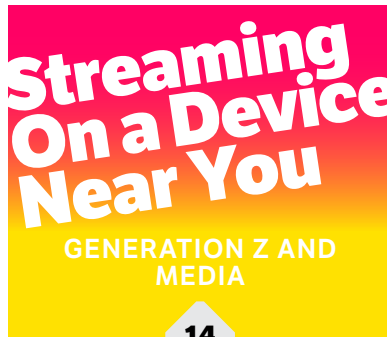
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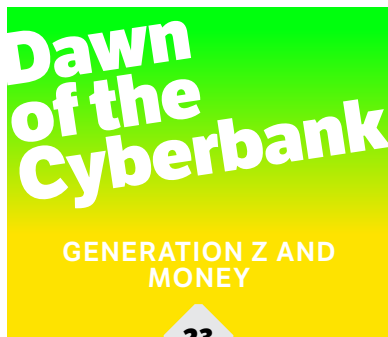
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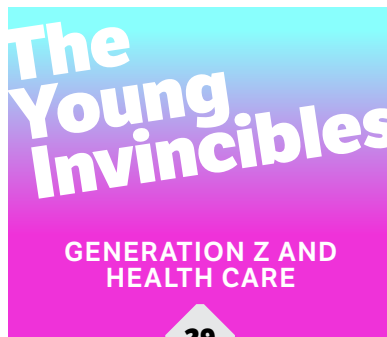
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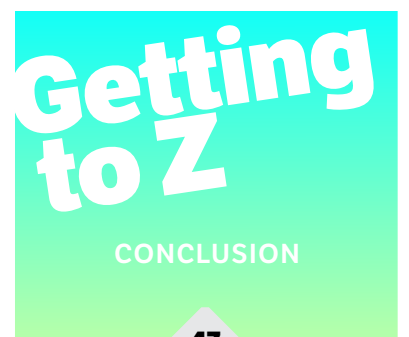
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What shared values and aspirations drive Generation Z—the cohort born after 1995? To find out, Vision Critical partnered with the insights consultancy Maru/VCR&C to conduct a study of this up-and-coming generation. The resulting report, comprehensive and full of surprises, will help firms engage Generation Z now and in the future. Among the key takeaways:

1. Generation Z is the future of the global economy, and that future is already at your doorstep. They are as large in number as Millennials, if not larger. Its eldest members are entering their senior year of college. By 2018, they'll control \$200 billion in direct spending. In the meantime, they influence more than \$600 billion in spending by their parents.

2. Generation Z is the sober generation: optimistic and driven about their personal ambitions, but pragmatic

and aware of forces beyond their control.

3. They're ethnically diverse—and likely the last in America with a Caucasian majority.

4. They're savers, not spenders, which could be a reflection of growing up amid the uncertainty of the post-9/11, post-Great Recession world.

5. They're an on-demand generation. They've abandoned TV and the desktop PC for laptops and mobile devices.

6. They're expert online researchers and shoppers. They visit stores as a last resort.

7. They have an eight-second attention span, sparking the increasing popularity of 10-seconds-or-less video advertising and apps like Snapchat.

8. They prefer fresh ingredients over processed foods. The words 'natural,' 'sustainable' and 'organic' resonate strongly on product packaging and restaurant menus.

9. They aren't seduced by high-end luxury brands. They prize value and personal style more than designer labels.

10. They're far ahead of all other generations when it comes to mobile payments and bank transactions. They carry their bank branches in their pockets.

11. They're career-focused: ready to work hard, think for themselves and pursue new opportunities.

12. They believe in diversity, equality, non-discrimination and the alleviation of poverty.

The Kid-driven Economy



INTRODUCTION

Generation Z, the cohort born after 1995, is sneaking up fast on the consumer marketplace. While they're still mostly kids and teens, Generation Z's eldest representatives are now 21 years of age and stepping into the spotlight. The 2016 Rio Olympics was the first Gen Z games, in which the Millennial generation's great Olympians, such as Usain Bolt and Michael

Phelps, passed the torch to the likes of gymnast Simone Biles (four golds, one bronze) and swimmer Katie Ledecky (four golds, one silver), both 19-year-old Americans¹.

And yet, even as Generation Z enters its prime, many companies have yet to prepare for their arrival. While Millennials are the most-researched generation in history,

market researchers are only beginning to take an in-depth look at Gen Z. All firms and brands have some catching up to do if they're going to be ready to serve a brand new—and completely different—generation of customers and employees.

Generation Z is not, as some like to say, 'Millennials on steroids.' While Millennials are utopians, Gen Zers are pragmatic realists—and that particular worldview permeates throughout their attitudes, lifestyle choices and relationships with their favorite brands. The business world was slow to wake up to Millennials, the group born between 1980 and 1995 who burst onto the market and took over everything. Now that they've caught on, tailoring their appeal to Millennial sensibilities, they've lost ground with the next generation.

Generation Z may not yet have the same market clout as Millennials but their total numbers are the same at roughly 65 million in the U.S. alone². And their direct global purchasing power currently stands at \$44 billion³, a number that will quadruple by 2018. For the moment, their greatest market influence is indirect. Their hovering, helicopter parents, who see the happiness of their children as a reflection of their own success, have given Generation Z unparalleled influence over the household pursestrings—to the tune of \$600 billion a year⁴.

For the companies that learn to understand and adapt to Generation Z, the payoff will be substantial. But for companies that fail to adapt, the risks will be just as great. The lesson of Millennials is that every new generation causes significant tremors in the global marketplace.

The Seen-it-all Generation



GENERATION Z'S WORLDVIEW

Generation Z is mature beyond its years. The words they use most commonly to describe their state of mind include happy, confident, motivated and excited—just what anyone would hope for a generation now coming into its own. But while they're confident in themselves—more confident, even, than Millennials—they are less

confident about the world in which they live.

Our study shows that 43 percent of Generation Z are very optimistic about their own personal future—more than their Millennial elders. But they're less optimistic than Millennials about a range of broader things they can't control: the U.S. and world economies, the

environment, politics and world peace, to name a few. They're a realistic and sober generation, and exhibit highly determined behavior. Growing up in the shadow of both 9/11 and the Great Recession, they know the world can be an uncertain place. Among Generation Z, drinking, smoking, drug use and teenage pregnancy are at their lowest in decades⁵.

And yet, while they may be less optimistic than Millennials in some respects, they're also more altruistic and outgoing. Some 60 percent of Generation Z say they want to change the world for the better, a major step up from the 39 percent of Millennials who say the same⁶. Twenty-six percent of them are already volunteering and more than three-quarters say they will or want to volunteer in the future⁷.

Gen Z presents a clear challenge for companies. They're confident and motivated but they're not naive. Firms that accurately anticipate their needs have the best chance at success

It shouldn't surprise us that their pop-culture role models aren't spoiled, narcissistic celebrities such as Justin Bieber but heroic figures like Katniss Everdeen, the main character in the *Hunger Games* trilogy, a teenager with strength and purpose beyond her

years. This generation's top-charting musicians include the earthy, gritty pop music of Lorde, Alessia Cara and Shawn Mendes⁸.

Being a sober generation doesn't mean they're conservative—especially when it comes to social and political life. For Gen Z, racial, sexual and gender equality isn't an idea but a reality. They're a remarkably diverse cohort, on track to be the last in America with a Caucasian majority. As kids of the Obama presidency and the Clinton candidacy, they've never lived through a time when people of either gender or any racial background couldn't become President. They support same-sex marriage—in fact, they don't see why it would be controversial.

At least they get to start with a clean slate. Many companies and

analysts harbored all sorts of misconceptions about Millennials: they were believed to be lazy, entitled, tightfisted brats when in fact they were optimistic, opportunistic and entrepreneurial. Many companies are still trying to figure out how to keep Millennial employees motivated and happy—the secret formula seems to change every week. Such misconceptions don't yet exist for Generation Z, a cohort whose values and desires are still taking shape. Now is the moment to see them through a clear lens.

Gen Zers present a fresh challenge for companies: they're confident and motivated but they're not naïve. Firms that accurately anticipate their needs will have the best chance of success with their products, services and campaigns.

They're self-assured and ready for anything

We asked: Pick five words to describe yourself.



They see a bright future

We asked:
Are you optimistic about the following?

My own personal future	88%	86%	74%	78%
The future of my children	66%	64%	54%	58%
The environment	52%	58%	60%	54%
The U.S. economy	50%	55%	46%	43%
The world economy	46%	54%	36%	32%

◆ Gen Z ◆ Millennials ◆ Gen X ◆ Boomers

Natural Born Techies



GENERATION Z AND TECHNOLOGY

If there's one area where Generation Z meets the Millennials-on-steroids stereotype, it's tech. More than one-third of Gen Z say they use technology as much as possible, compared to 27 percent of Millennials. They're eager adopters of wearable technology and networked gadgetry, and unafraid of a future that

features artificial intelligence and job automation. But they're not tech utopians who think technology can truly change the world. For them, smartphones aren't revolutionary, they're perfectly normal. Companies will need to adapt to a more pragmatic, tech-savvy generation that isn't easily wowed or won over.

And it's no wonder: tech has been part of their diet since toddlerhood. This generation's parents didn't put them in front of a TV for distraction; they instead gave them a tablet, and Gen Z learned to swipe before learning to speak. Generation Z is accustomed to a multi-screen world. They typically have access to five screens in their homes: television, desktop, laptop, tablet and smartphone. It's no wonder Generation Z also goes by the nickname 'iGen.'

By and large, iGen is a cohort of early adopters. They prefer and expect connectivity, and are impatient when the world lags behind them. They independently bring tablets, not looseleaf binders, to take notes in their high school classrooms, and do all research online⁹. School administrators are

just starting to catch up, storing learning materials in the cloud and delivering assignments via Dropbox. But insofar as technology is part of Gen Z's life, they're less likely than Millennials to believe it's the answer to all of the world's problems.

Perhaps that's because they've seen the problems it can cause. More than Millennials, Gen Z is concerned with internet privacy and wary of 'perma-sharing': posting personal thoughts and embarrassing photos permanently on sites like Facebook, where sexual partners, trolls and future employers can search through them¹⁰. They've seen and experienced the perils of cyber-bullying and online sexism. In keeping with their sober outlook on the world, they've chosen social networks that mitigate those negative effects: iGen prefers

Snapchat¹¹, which allows users to share messages and images—and then deletes them within seconds.

In a sense, Snapchat more closely mimics face-to-face interaction: once a conversation happens it's gone, and if you weren't there then you missed it. In the same vein, Generation Z prefers video messages to written ones. iGen surpasses Millennials for viewing YouTube and Instagram videos, and they also turn in large numbers to Vine, where users can view and post videos that last no more than six seconds.

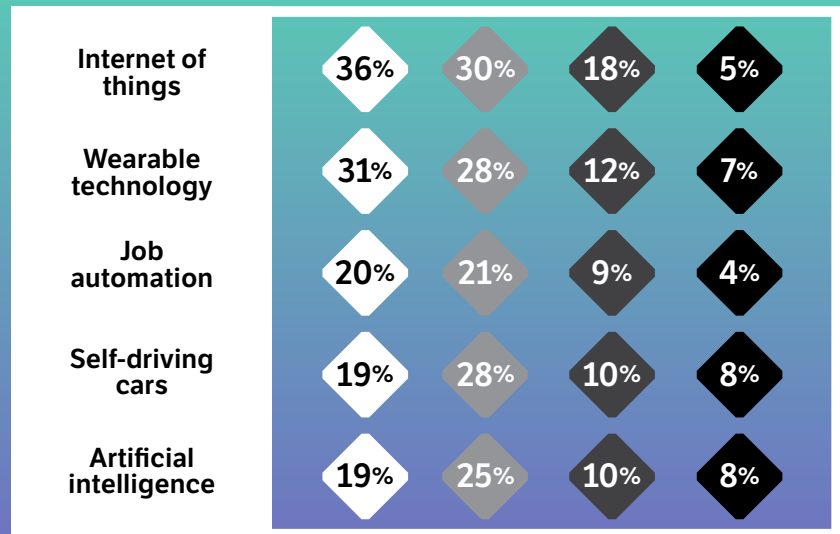
These trends—increased video messaging and better privacy protections—should be front and center for companies launching new consumer technologies or planning marketing campaigns to engage young consumers. Generation Z

doesn't want technology that ties them down or gets used like a permanent, personal diary. It wants connectivity: better and easier ways to link up with people, accomplish tasks, have fun—and move on. Their preferences will shape the future of consumer products and technology.

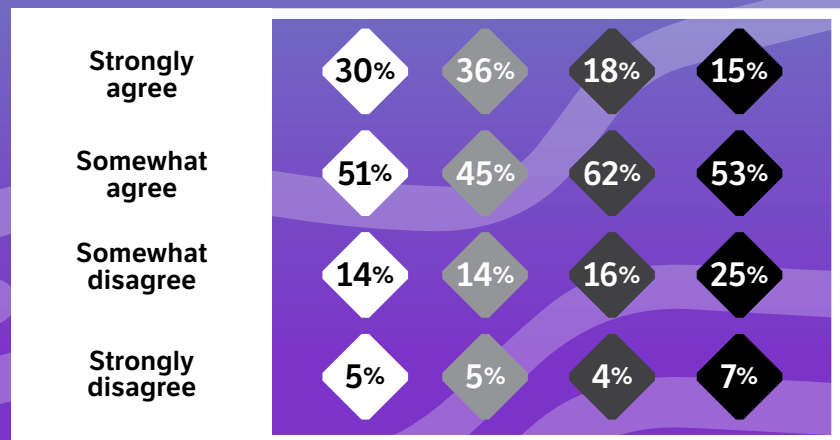
**Generation Z
is a cohort of early
adopters. They
prefer and expect
connectivity,
and get impatient
when the world
lags behind**

They were born into an internet-enabled world—and recognize its limitations

*We asked:
Are you very excited about the following?*



*We asked:
Do you believe science and technology can solve many of the world's problems?*



◆ Gen Z ◆ Millennials ◆ Gen X ◆ Boomers

Streaming on a Device Near You



GENERATION Z AND MEDIA

If Millennials upended the entire media and entertainment business with their revolutionary viewing habits, expect Gen Z to push those disruptions deep into uncharted territory. This is a generation that does all its reading online, almost never in print. They consume entertainment voraciously on multiple platforms, yet rarely

on their television. And they're highly ambivalent about the value of advertising. As Gen Z disrupts consumption patterns even further, media and entertainment companies will have to adapt to survive.

Generation Z spends 10 percent less time watching TV than Millennials: 13.2 hours per week versus 14.8 hours¹². One in five Gen Zers don't watch TV

at all. Meanwhile, those who do watch TV aren't watching broadcast or cable channels: one recent study found that 70 percent of Gen Zers prefer streaming services like Netflix and, when asked which screen they would choose if they could only keep one, none of them chose the TV.

They wouldn't miss it much. They spend twice as much time—a full 26 hours per week¹³—on their phones (15.4 hours) and laptops (10.6 hours). This makes them even greater mobile viewers than Millennials, who still spend 16 hours per week in front of a desktop computer¹³. As their viewing location constantly shifts, mobile viewing also means divided attention. Being the mobile-first generation is likely one of the reasons why Generation Z has an attention span lasting no more than eight seconds—

shorter than a goldfish¹⁴.

That doesn't mean they're not paying attention. In comparison to Millennials, Generation Z is less likely to use ad-blocking software. They're racing from message to message—companies only have a split-second to catch their attention¹⁵. All of which explains the rise of 15-second and 10-second commercial advertising messages¹⁶, which are most common on sites such as YouTube¹⁷. Research by the design and innovation firm Altitude found that Gen Z's short attention span is more like a highly-evolved information filter¹⁸, enabling them to sort through mountains of available information in search of what suits their interests.

And once they find it, they can become intensely focused, using online video as a way to learn real-world skills. The New York ad firm

Sparks & Honey discovered that 33 percent of all Gen Zers watch lessons online, for everything from craft and hobby projects to algebra and geography¹⁹. This behavior surely gets the approval of parents, who constantly encourage kids to use screen time for something other than Minecraft. Educational apps make up nearly 10 percent of all downloads on iTunes' app store, its third largest category, and 80 percent of those are geared toward kids²⁰.

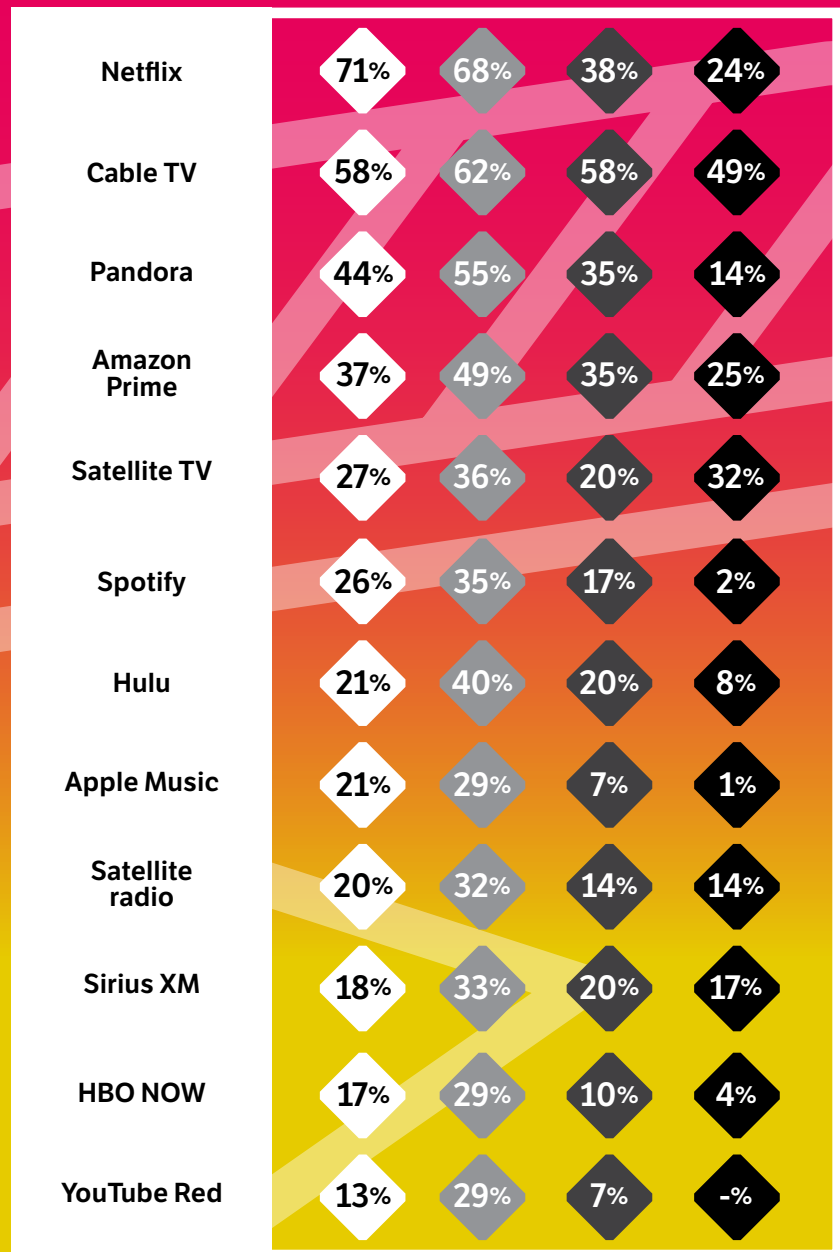
Generation Z is the first cohort that, engaging and interacting with screens, doesn't think of a living room TV as the go-to place for news and entertainment. Older generations had must-see TV; Generation Z has must-see viral videos, shared through social media. For broadcasters, advertising firms and advertising clients,

Connecting with Gen Z means perfecting eight-second messages and finding ways to differentiate content in a hyper-paced social media sphere

connecting with Generation Z means perfecting messages in eight seconds, finding ways to differentiate content for a hyper-paced social media sphere and engaging in a way that's educational and entertaining. It means connecting with Gen Zers where they are: online.

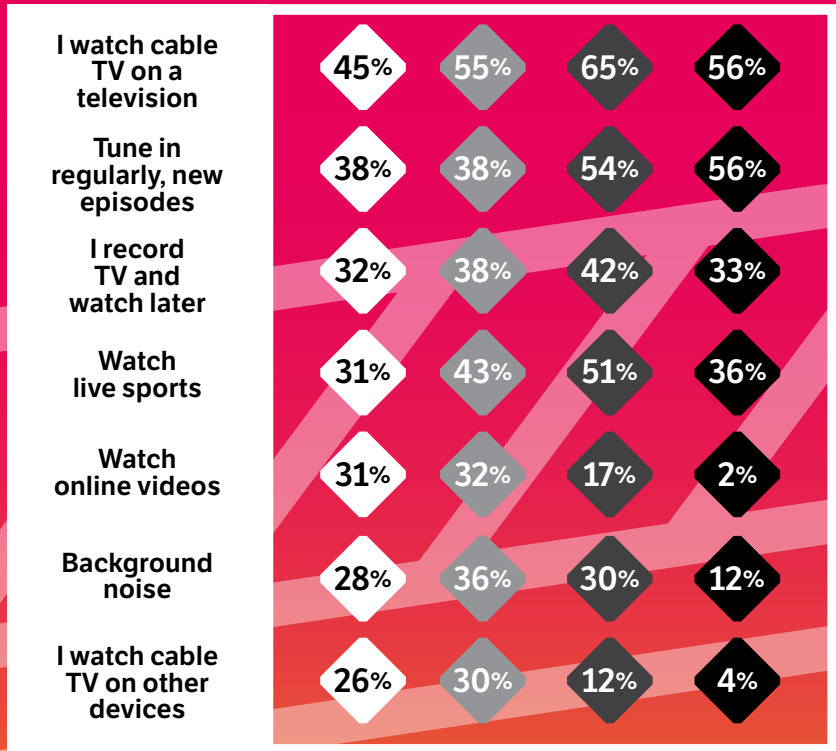
They're the first generation fully immersed in a multi-platform, on-demand world

We asked:
What do you
subscribe to?

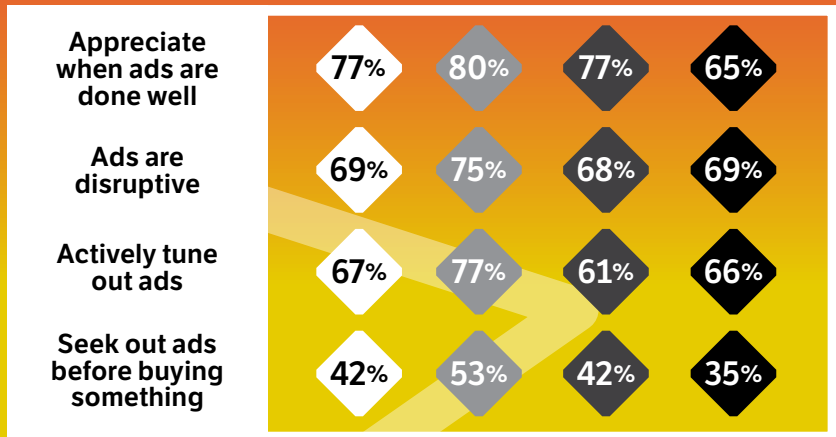


◆ Gen Z ◆ Millennials ◆ Gen X ◆ Boomers

**We asked:
How, if at all,
do you
watch TV?**



**We asked:
What do you
think of ads?**



◆ Gen Z ◆ Millennials ◆ Gen X ◆ Boomers

Keeping Up with the Foodies



GENERATION Z AND DIET

When it comes to diet, Generation Z relies heavily on family and friends for information, and also for preferences and habits. They are influenced by what they see older generations doing and tend to parrot many of their healthier-choice habits. But they are much less trusting of major restaurant chains than Millennials,

and their behavior is already having consequences for the food and beverage industry.

The health consciousness of Generations X and Y have led those cohorts to turn away from fast food in search of healthier, more sophisticated food choices. Generation Z is copying those behaviors—with serious ramifications for major brands. McDonald's, once the

American teenager's hangout of choice²¹, doesn't even appear on Generation Z's list of top five favorite restaurants. In fact, no burger chain does. The same report showed they spend most of their money on food—nearly 23 percent, a shift from Millennial teens, who spent most of theirs on clothing—but hamburgers are not on the menu. Starbucks tops the list, followed by Chipotle, Chick-fil-A, Panera Bread and Olive Garden. The list isn't just about food but where Generation Z prefers to socialize.

Studies show that Generation Z is driving the trend toward better-for-you snacking, consuming more eggs, meat, fish, fresh fruits and vegetables²². They pay close attention to ingredients and nutrition on menus, and words such as 'natural,' 'sustainable' and 'organic' resonate strongly²³.

Generation Z's preference for quick-service upstarts like Panera Bread and Chipotle is a reflection of the values they picked up from their Gen X parents: they don't trust major brands. This attitude represents a major shift from Millennials. More than any other generation, Millennials will trust major brands provided those companies demonstrate honesty and integrity. Generation Z, by contrast, doesn't care quite as much what your brand stands for—making it even more challenging to connect with them.

Generation Z, still mostly in their teens, aren't yet major buyers of CPG products off grocery store shelves—but the demographic nevertheless influences what types of products their parents stock in the household fridge and pantry. Unlike Millennials, they're not obsessive label-

readers: they don't look closely at where products are made or shipped from, or even price point. But they do carry other values and preferences with them to the supermarket along with a mistrust of major brands: health consciousness, a preference for newness and a desire for positive global impact.

These preferences are causing headaches for major-brand manufacturers of longtime teen-diet staples, which are working hard to adapt. In 2010, Kraft Foods, makers since 1937 of the iconic macaroni and cheese dinner-in-a-box, launched its Smart line of products with pasta made from cauliflower and flaxseed²⁴. Then in April 2015, the company changed the recipe for its 'original recipe' version, replacing artificial dyes yellow number 5 and yellow number 6 with a mixture of turmeric, paprika

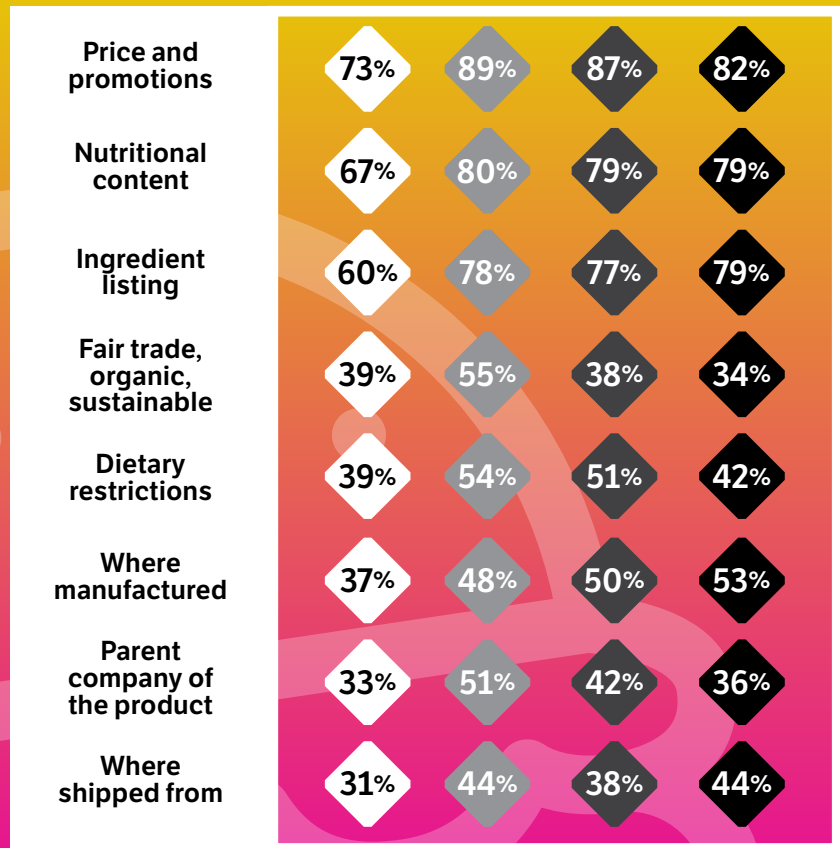
and annatto. The cereal maker General Mills followed suit, announcing it will eliminate all artificial colors and flavors from its line of breakfast cereals by 2017²⁵.

Their efforts may prove to be pointless: one report found that Gen Z wants to be more involved in preparing their foods, especially at breakfast²⁶. Cereal is the training-wheels food for do-it-yourself eating, but kids are graduating earlier to DIY scrambled eggs and breakfast sandwiches, leaving boxed cereal behind, artificial flavors or not.

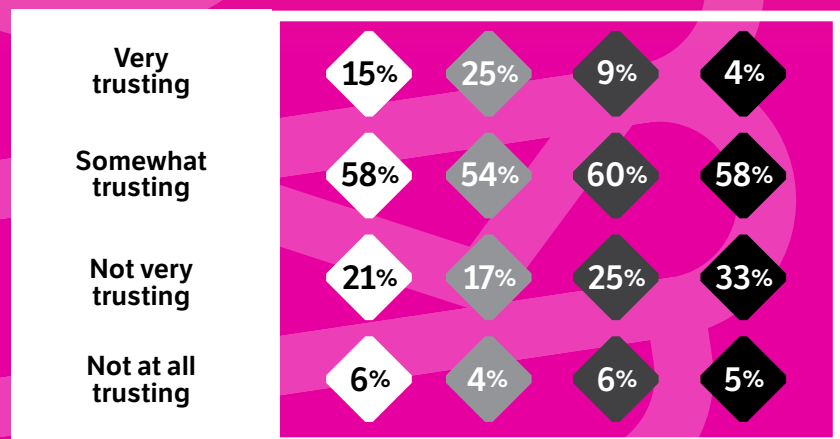
With their penchant for fresh foods, and as they become increasingly independent in their food choices, Generation Z is more likely to select sophisticated and healthy menus when eating out, custom options over pre-packaged foods at home and to always keep an eye out for fresh new ideas.

They're disrupting the food industry with their preference for healthy and fresh options

We asked:
What information do you look for from food labels?



We asked:
Big, multinational brands are in the news for recalls or product warnings. How trusting are you of those companies?



◆ Gen Z ◆ Millennials ◆ Gen X ◆ Boomers

Dawn of the Cyberbank



GENERATION Z AND MONEY

Gen Zers are just as confident as Millennials about their personal financial future: they believe they'll be able to buy a house, travel the world, save and invest, retire and bequeath assets to their kids. But that's as far as the similarities go: in every other way, they're decidedly distinct from Millennials. Gen Zers are not as confident as

Millennials about their ability to pay off their eventual loans or buy a second home. And while they're entrepreneurial, they're less certain that they'll be able to start a business.

So they're planning ahead: while 60 percent of Millennials identified themselves as spenders, only 52 percent of Gen Zers said the same, while 48 percent of

Gen Zers identify as savers. A new generation of savers means good news for financial services firms—except that, as our research shows, Generation Z is even less trusting of big banks than Millennials. There's a silver lining: because Gen Z is still learning about money, there's still time for financial services companies to counter any inherited attitudes and earn their trust.

From a financial services perspective, Generation Z is in its infancy. Its members are still learning about money and getting their first lessons from parents about spending, saving and financial literacy. But their basic psychological profile—confident about their own future, wary of global trends and big brands, at ease with technology and generally sober in their outlook—is already reflected in their attitudes towards money. It

Because Gen Z is still learning about money, there's still time for financial services companies to counter any inherited attitudes and earn their trust

also decidedly sets them apart from their Millennial elders.

The way to earn their trust is through technology: when it comes to banking, Generation Z is poised to live up to its iGen nickname. A recent study by TD Bank²⁷ showed that 39 percent of iGen members said mobile banking is most

important to them, while only 11 percent said the same thing about online banking. Generation Z will likely be the one to make a definitive shift: while Generations X and Y see mobile banking as a supplement to desktop banking, Generation Z may well be the first to abandon the desktop and do all banking on mobile devices. It's no wonder that only 13 percent of them care about conveniently located branches; they plan to carry their bank branch around with them wherever they go.

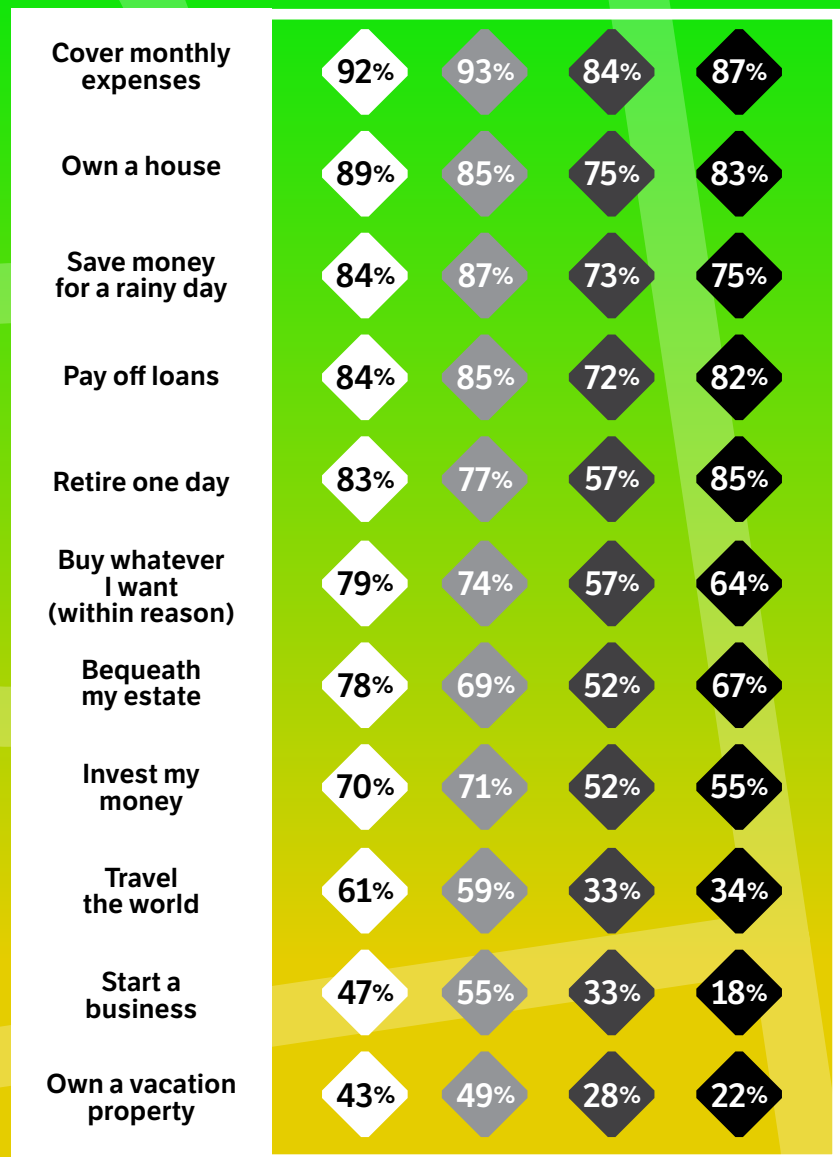
Generation Z is far ahead of all other cohorts in using mobile payments: 53 percent said they'd purchased something via mobile payment in the last six months, compared to 37 percent of Millennials and 27 percent of Generation X²⁸. They already make 7 percent of their purchases

via mobile, and as they become more independent they'll be looking for the mobile payment platforms that best connect them to the purchases they're most likely to make. A Generation Z of savers represents an opportunity for any financial services company to renew and revitalize its brand.

**Only 13 percent
of Generation Z
care about
conveniently
located branches.
They carry their
bank branch
around with
them wherever
they go**

They're optimistic about their personal financial future

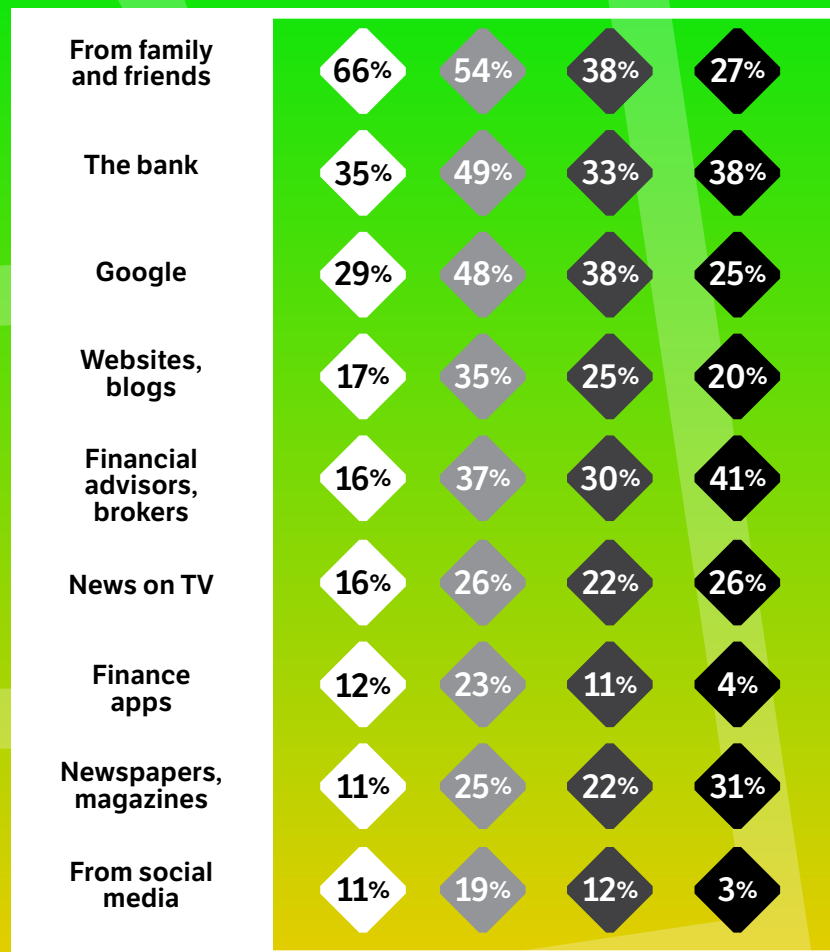
We asked:
Are you confident you'll be able to...



◆ Gen Z ◆ Millennials ◆ Gen X ◆ Boomers

They get most of their financial advice from their parents

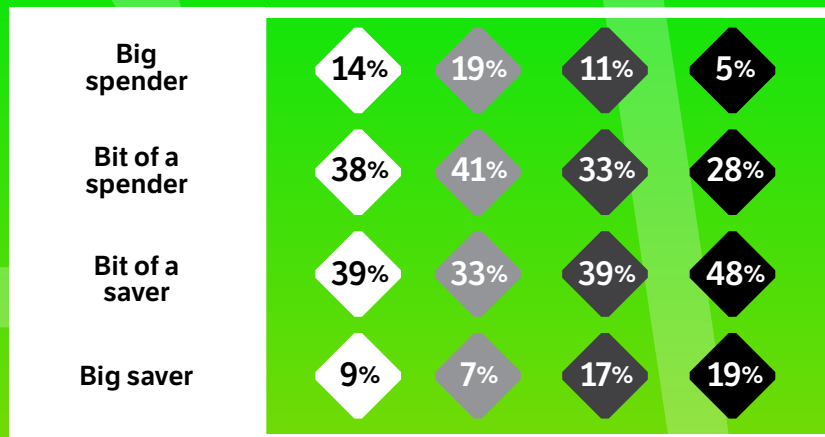
*We asked:
When it comes to
your finances, where
do you get your
information from?*



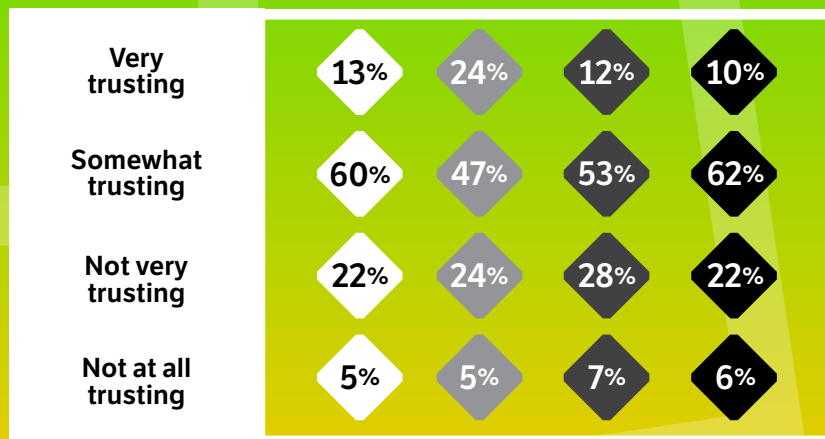
◆ Gen Z ◆ Millennials ◆ Gen X ◆ Boomers

They're conservative spenders— and generally trusting of big banks

*We asked:
When it comes
to finances,
would you say
you are
a spender or
a saver?*



*We asked:
How much do
you trust
financial
services
companies
and financial
institutions?*



◆ Gen Z ◆ Millennials ◆ Gen X ◆ Boomers

The Young Invincibles



GENERATION Z AND HEALTH CARE

Generation Z has inherited a strong sense of health consciousness from its Millennial and Gen X elders. Our study shows Generation Z relies heavily on family for health care advice, they're less trusting of big pharma than previous generations and they're split in their opinion of the Affordable Care Act: many believe the ACA will

help them gain access to affordable, quality care, while just as many think it will actually hinder their access, which will present new communications challenges to health care insurers and providers. At the same time, their openness to new technologies may well make them the perfect patients of the future—creating new

opportunities for innovative health care companies.

Although they're health conscious, they're less proactive about their health than Millennials. This should come as no surprise, given that most teens and tweens are generally healthy—Gen Z has lower rates of alcohol and tobacco use than previous generations—and most of them are still covered by their parents' insurance plans. In many ways, Generation Z does not know what its own health care landscape will look like—and neither does anyone else, because health care is being rapidly transformed by new treatment methods and hospital technologies.

Both Millennials and Generation Z share an enthusiasm for wearable technologies, and Gen Zers are even more enthusiastic about internet-of-things

They're the perfect patients of the future, open to wearable technology that measures stress levels and genetic mapping technology

connectivity—which, together, makes them the perfect patients of the future. It's easy to imagine, for instance, wearable technology that measures the wearer's stress levels in real time and prompts him or her to take some deep breaths, or genetic mapping

technology that helps people learn which diseases they are most predisposed toward²⁹.

At the same time, Generation Z's early attitudes and behaviors will shape the way health care is communicated and even delivered in future years, when their health care becomes to them a more material concern. Our study shows they trust big pharma even less than Millennials. As adept online researchers, they will be keen shoppers for health insurance, products and services. They won't just Google their symptoms: they'll engage deeply in the topic, narrow their choices, and seek out advice from friends and family before deciding on a path³⁰.

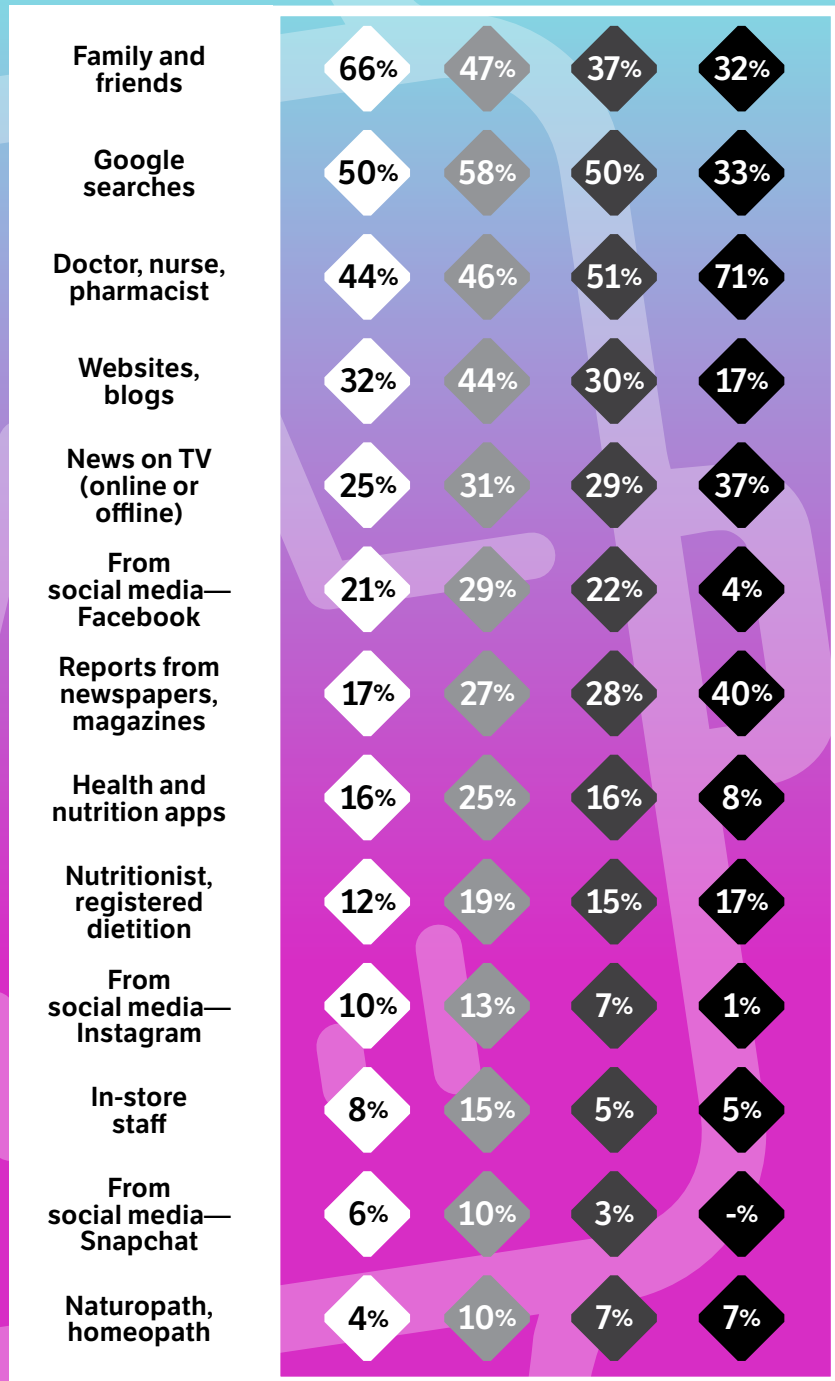
Gen Zers expect to find treatment options and costs online, based upon once-private hospital and provider data that's now publicly

available³¹. Firms in the health care sector, to earn the trust and loyalty of Generation Z patients, will need to allow patients to insert themselves into the decision-making process in a transparent, helpful and interactive manner. They plan to live long and healthy lives—on their terms.

Gen Zers plan to live long and healthy lives—on their terms. To earn their trust, health care firms need to bring them into the decision-making process

They base health decisions on advice from their parents and Google

We asked:
When it comes to health and nutrition, where do you get your information?



◆ Gen Z ◆ Millennials ◆ Gen X ◆ Boomers

The Omnichannel Shoppers



GENERATION Z AND SHOPPING

The Gen Z shopper and the Millennial shopper couldn't be more different. Where Millennials are spenders, happy to splurge on the one designer item they desire, Generation Z shops for value: they look to make their money go farther. And yet, while they're determined shoppers, they're also adept online researchers. They

don't see store visits as a necessary part of the shopping experience, which means brands and retailers will have to find innovative ways to lure Generation Z into stores and create lasting relationships.

Generation Z is less likely to be seduced by luxury brands, classic designs or that which impresses others. Instead, the typical Gen Z shopper is more

interested than Millennials in crafting a strong sense of personal style: they want high-quality, functional, fashionable items that look expensive (but aren't) and—most importantly—that their friends don't have. This last motivator makes Generation Z a generation of hunters in the marketplace—not for bargains, but for items of distinctive character that amplify personality.

Gen Zers are a cohort of savers compared to Millennials. While 38 percent of Millennials said they own lots of stuff, only 30 percent of iGen members said the same. What's more, their familiarity with screens, tech and connectivity means that Generation Z prefers to shop online. In many ways, they prefer it to traditional shopping. In one recent study, 63 percent of Gen Zers said they shop online because it

They've abandoned in-person browsing at the mall in favor of shopping online and over their phones, where they can easily compare prices and get more selection

saves them time, while 53 percent said the selection is better online than in-store³². They certainly visit the mall less frequently: the average teen goes to the mall 29 times a year today, compared to 38 times a year back in 2007³³. The popularity of online retailers like Amazon is having an

impact on bricks-and-mortar operations like Walmart, which plans to close 269 of its U.S. stores, and Macy's, which plans to close 100 locations.

When they do go to malls, it's because it can help them solve a problem: they can't find what they want online, or they can get it faster or cheaper by showing up in the store. Generation Z does not romanticize the shopping experience. They prefer practical usefulness to trendiness any day.

And as malls struggle to bring in teens, so will its inventory. Denim now lags activewear in sales, as Generation Z turns to clothing brands like Nike and Lululemon and away from traditional teen-targeted retailers like Aeropostale and Abercrombie & Fitch³⁴.

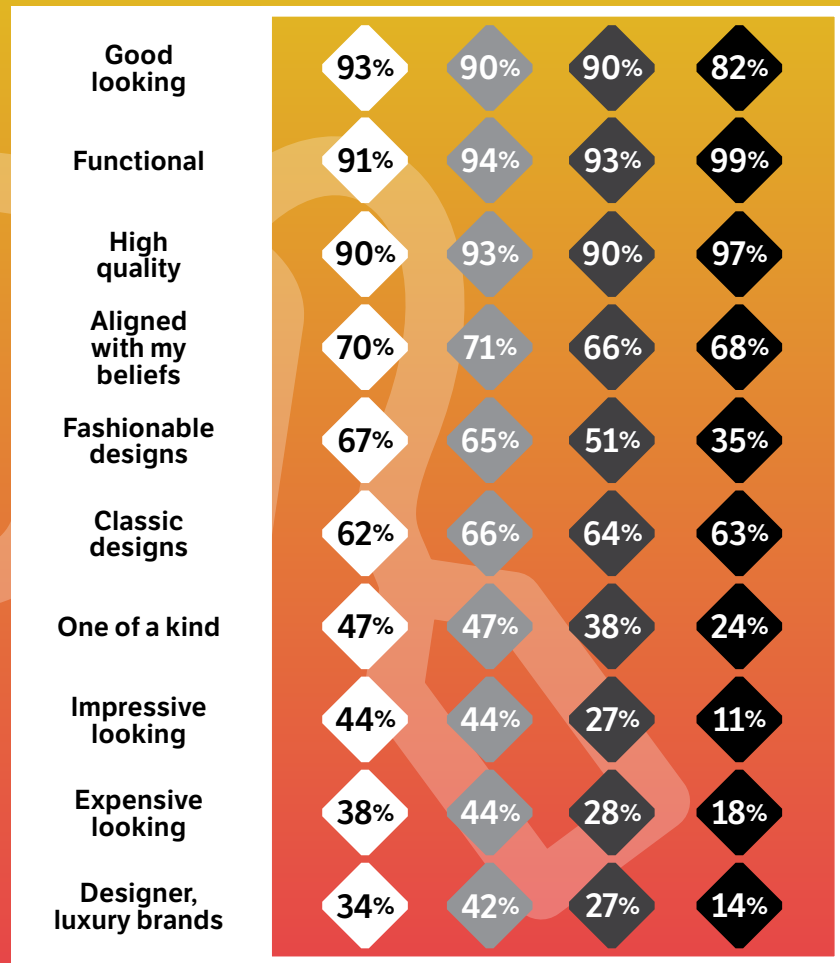
The biggest challenge for retailers will be to hone strategy: how will they

connect with Generation Z via mobile, and what shopping experience will they offer? Which sales are best done online, which are best in-store? For retailers that want Generation Z to visit their locations, they've got a steeper uphill climb than ever before.

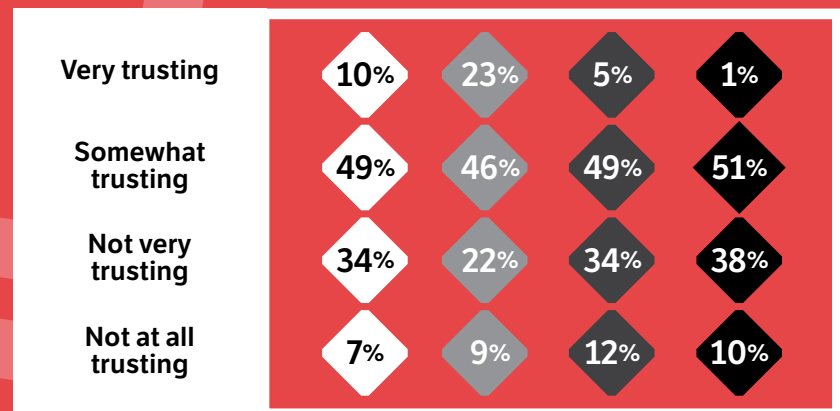
Big brands need strategies to connect with Generation Z on mobile, to rethink physical locations and to improve the end-to-end customer experience

They shop for products that look good and do what they promise

We asked:
How important
is it that
products are...



We asked:
Companies are
sometimes in the
news for product
recalls and factory
violations. Overall,
how trusting are you
of big brands?



◆ Gen Z ◆ Millennials ◆ Gen X ◆ Boomers

Global Natives



GENERATION Z AND TRAVEL

Gen Z shares most Millennial attitudes about travel: they love vacations, they're resourceful researchers, they're open to all forms of accommodation and they're looking for fun and reward. And while they have a special enthusiasm for amusement parks and beach vacations, like Millennials they favor all destination categories. Since

travel is something you save for, this generation of savers represents tremendous opportunity for companies that know how to appeal to them—and reach them interactively through their preferred mobile channels.

As the most ethnically diverse generation in history, Generation Z sees in itself a global village: they come from

all parts of the world, and want to be both locally and globally rooted³⁵. Among 14 to 18 year olds, 42 percent say they need to travel in order to feel that life is complete. And for 77 percent of those Gen Z teens, traveling alone without their parents is a major marker of adulthood³⁶.

But if your company doesn't have a mobile brand presence, Gen Z may never know you exist. As with all other things, Gen Z expect to be able to handle all advance transactions on their phone or tablet: from selecting their destination to booking all the details, including flights, ground transportation, lodging and restaurant reservations. They want to be able to ask questions online and get immediate answers as they make their decisions. The way Generation Z sees the world, all brands and companies

As the most ethnically diverse generation in history, they want to be both locally and globally rooted. They travel in order to feel complete

are online all the time, just like they are, so connections should be fast and efficient. One recent startup, Teckst, offers airlines (among other enterprise businesses) the ability to easily communicate with customers via Gen Z's preferred platform: text messaging³⁷.

While traveling, they expect to handle all their moment-to-moment transactions via mobile, too: airline check-ins and local guided-tour reservations, to name a few. They also want their phone to serve as a tour guide, and want more than the usual sights and tourist traps: they expect it to find more authentic, local experiences.

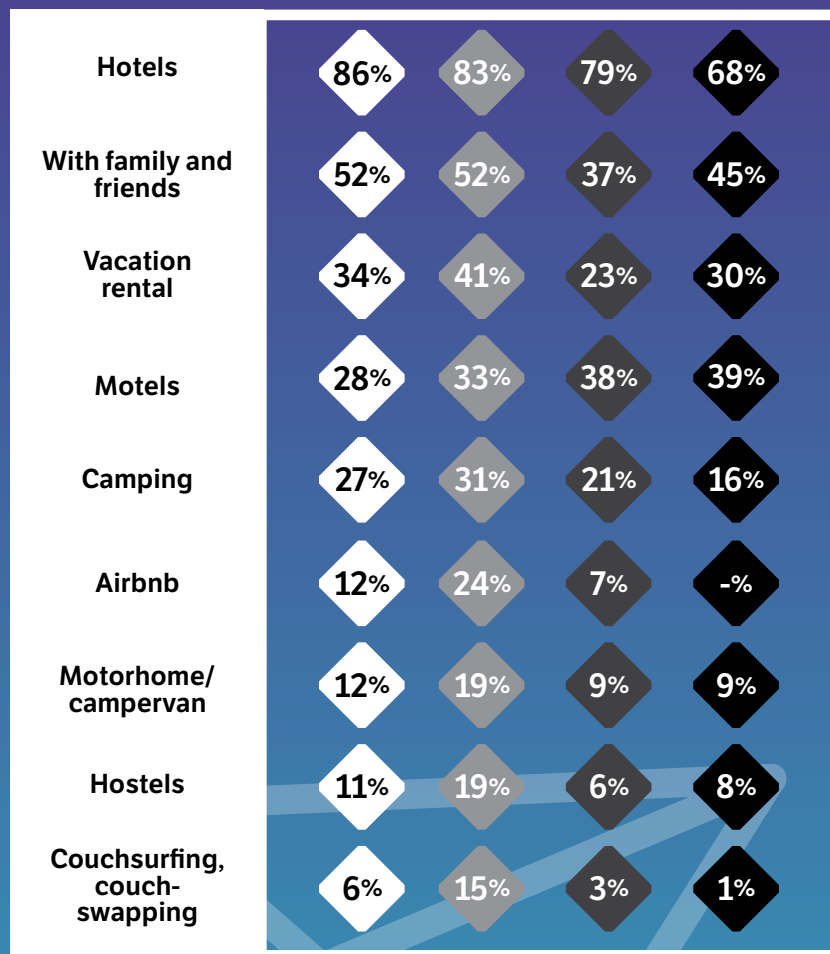
Four Seasons Hotels & Resorts, for example, produced an app that has extensive recommendations for each of its 100-plus destinations, all compiled by each city's team of concierges³⁸. Detour, a recently-launched app that markets audio walking tours around five American and five global cities, helps travelers connect with a city's history, culture and counterculture—enabling the search for unique, coveted off-the-grid experiences³⁹.

Meanwhile, some firms are already allowing travelers' smartphones to serve as a handy hotel room key. Generation Z will push the mobile revolution in travel as far as it can.

Gen Z expects to handle all advance transactions on a smartphone. They want to be able to ask questions online and get immediate answers as they make decisions

They want to see the world—preferably from the comfort of a hotel

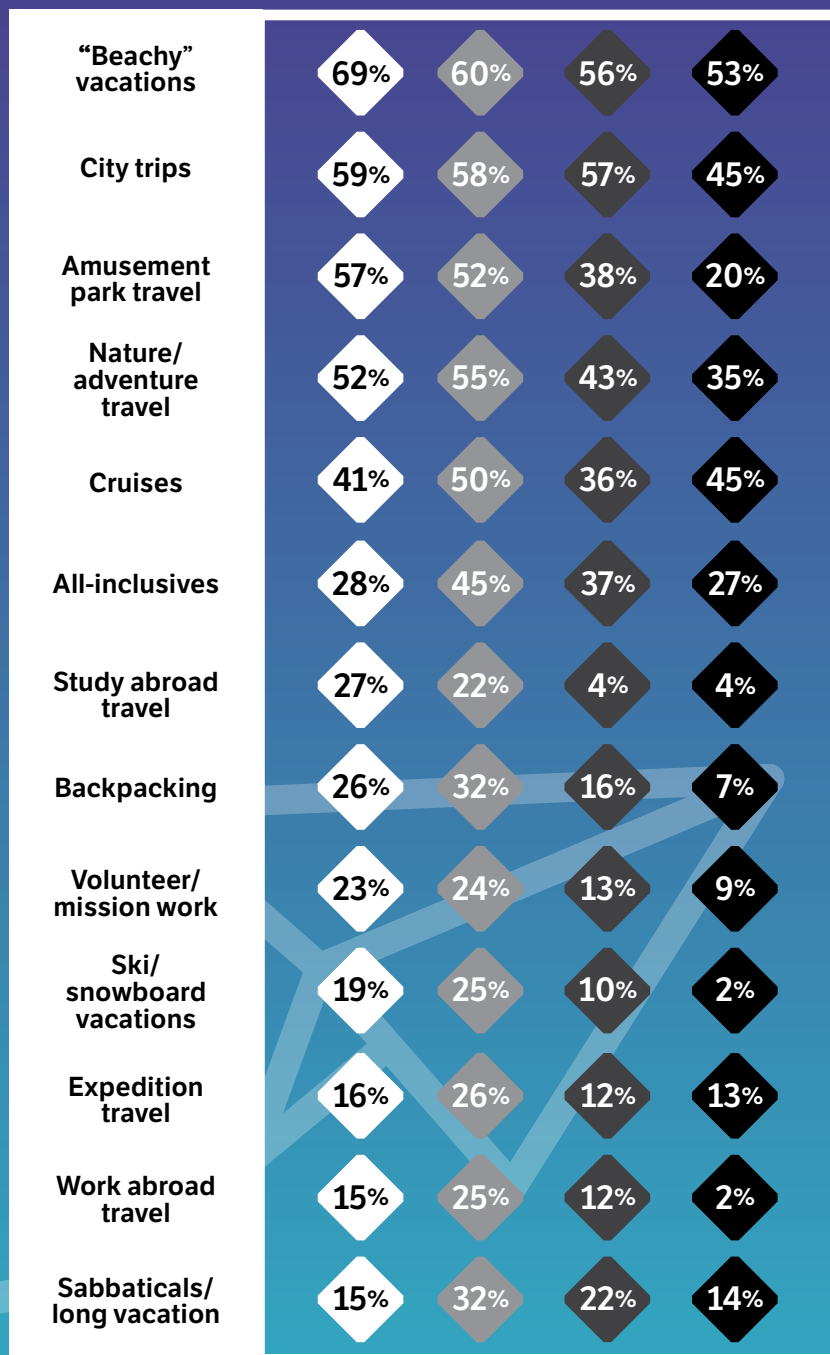
We asked:
Where do you prefer to stay?



◆ Gen Z ◆ Millennials ◆ Gen X ◆ Boomers

They want to see the world—as long as there’s a beach nearby

We asked:
How do you
like to travel?



◆ Gen Z ◆ Millennials ◆ Gen X ◆ Boomers

Bright-eyed Big Earners



GENERATION Z AND WORK

With the oldest members of Generation Z now approaching their 21st birthdays, they're preparing to enter the workforce full time. At the moment, researchers have little to go on in terms of how they behave in a career setting. But based upon what Generation Zers tell us about themselves, their career goals and aspirations, they won't be

anything like Millennials.

Gen Z values different things in the workplace than Millennials—starting with money. Where Millennials put a great deal of emphasis on having a clear career path and vacation days, a large majority of Generation Zers, 65 percent in all, say that salary is most important to them. While most current employees feel content

if they're earning \$70,000 per year, many Gen Zers say they'll only feel truly successful with a salary of \$200,000 or more⁴⁰.

That number might seem, at first glance, to be the wishful thinking of a young cohort. But Generation Z appears determined to prove that's not the case: they say that making a difference in the world and having an impact through their career are more important to them than it is to Millennials. More of them also expect to reach the rank of executive vice-president or higher. All of which means that Generation Z arrives in the workforce with great expectations for itself and its employers. Given that more of them claim they'd rather be financially successful than work in their dream job, it seems like a good bet they'll succeed.

If there's a paradox at the heart of Generation Z,

Most current employees feel content if they're earning \$70,000 a year. Gen Zers, on the other hand, only truly feel successful if they're earning \$200,000

it's that they say they're just as entrepreneurial as Millennials—yet are less confident that they'll be able to start their own business one day. In fact, their pragmatism makes them more risk-averse than an entrepreneurial cohort ought to be. According to *The New York Times*,

Millennials are simply career-focused: they're ready to work hard, think outside the box and pursue opportunities⁴¹. These kinds of qualities are just as valuable to established firms as to startups.

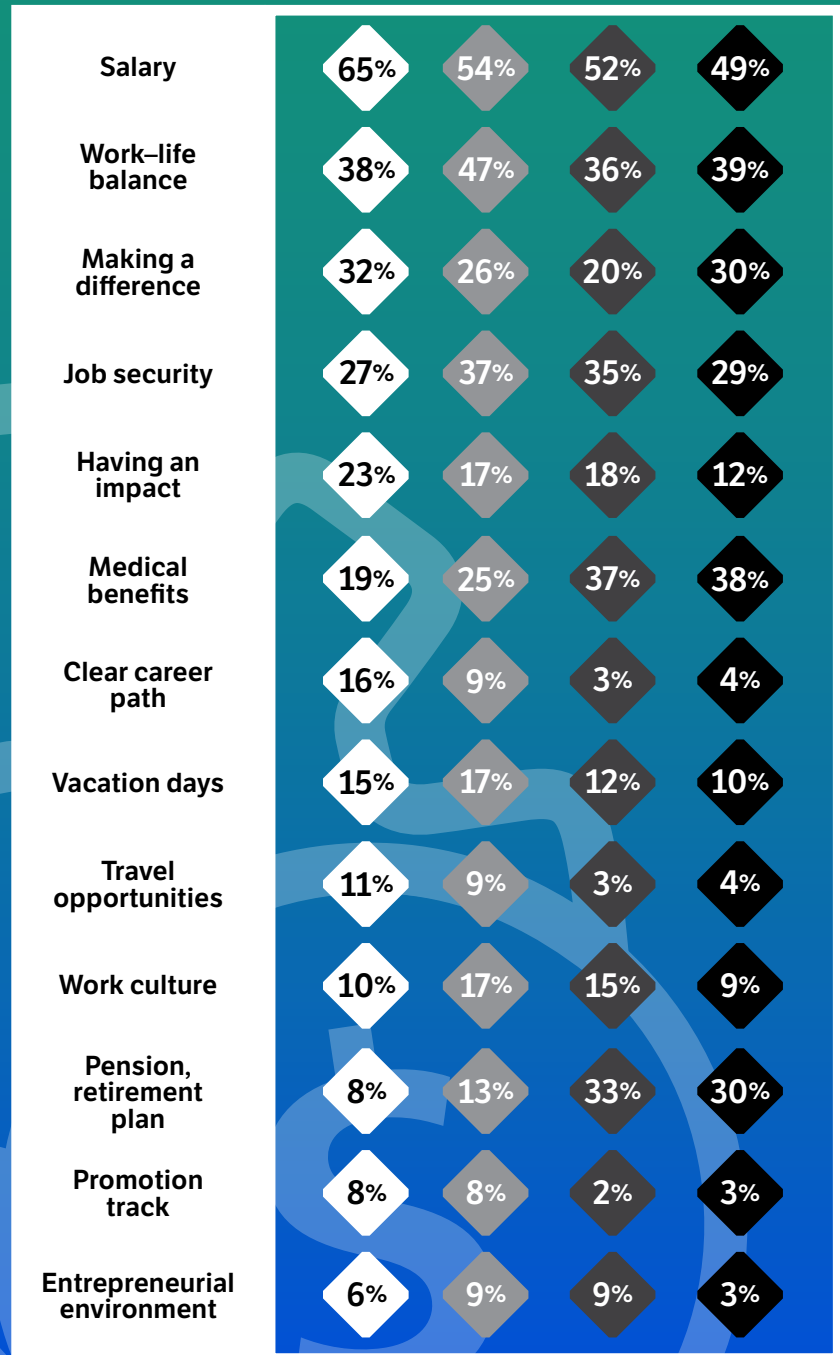
The social issues that motivate Generation Z are also different than those motivating Millennials. Environmental issues were front-and-center during the Millennials' coming of age, which has led many firms to take up such causes as fair-trade sourcing, organic-growing practices and other measures that help combat global warming. Our research found that Generation Z is less passionate than Millennials about these environmental issues—but more likely to champion issues dealing with human rights, gender and racial equality, and poverty. These are the issues that now dominate the social

agenda, from LGBTQ rights to immigration to race relations between police and America's black communities. Generation Z will bring their egalitarian values to their work, along with their mobile connectedness—and expect their employers to reflect, support and facilitate those values.

**Generation Z
will bring their
egalitarian
values to their
workplace, along
with their mobile
connectedness—
and expect
employers to
facilitate their
values**

They'll take a high salary over work-life balance

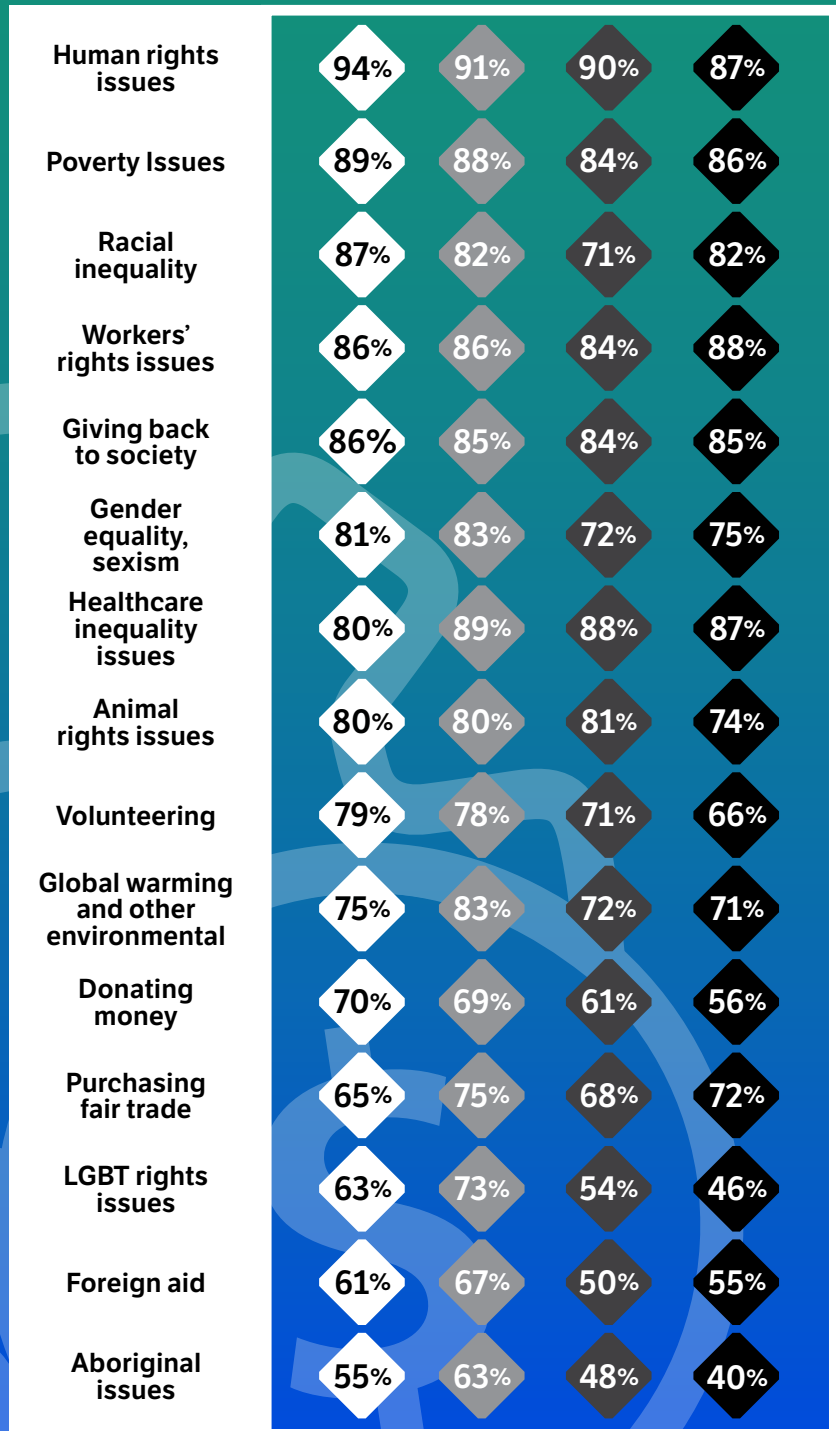
*We asked:
When it comes
to your ideal
job, what
matters to you
most?*



◆ Gen Z
 ◆ Millennials
 ◆ Gen X
 ◆ Boomers

They prioritize human rights over other causes

*We asked:
Are these very
important to you?*



◆ Gen Z ◆ Millennials ◆ Gen X ◆ Boomers

Getting to Z



CONCLUSION

Though they're following in the footsteps of Millennials before them, Generation Z is a distinct and unique cohort with its own set of values, concerns and priorities. For companies, the notion that Gen Zers are 'Millennials on steroids,' and that they can apply whatever strategies they've developed for Millennials and simply re-

use them in their appeal to a younger cohort, is misguided.

Even though most Gen Zers are still kids and teens—at a time in their lives made for play, imagination, dreaming and planning—they're clearly made up of hyperconnected, pragmatic realists. They've inherited the skepticism, but not the pessimism, of their Gen-X parents. They're a

happy generation with a nose for corporate fakery. They are constantly on the move, connecting with others as they go. They're confident in their own prospects and ambitious in their career plans, but also keenly aware of forces beyond their control. They plan to make a lot of money, but they're not very materialistic. At the same time, Generation Z doesn't worry about work-life balance; they just live it, because they've already got it down.

And just as Millennials did, they will remake entire sectors of the economy in their image. As the 'Mobile Generation,' they'll usher in an era where all transactions with every company get completed over wireless networks. Their mobile usage isn't just a habit, it's a way of life. To adapt to Generation Z, companies need to truly capitalize on the power of mobile tech.

Gen Zers have inherited the skepticism but not the pessimism of their parents. They're a happy generation with a nose for corporate fakery

Can phones replace the bank branch? Can they eliminate the need for lineups, check-in counters, cash registers or even in-person shopping itself? They can for Generation Z, if companies are willing to push the boundaries of mobile tech—and if they can speak to Gen Zers in their own language. **vc**

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Generation Z study conducted by Maru/VCR&C. Results are among Americans aged 13+, from two studies that fielded March 15-21, 2016. The total sample size is n=798 and n=806 for each study, with a margin of error of +/-3.47% and +/-3.45%, respectively.

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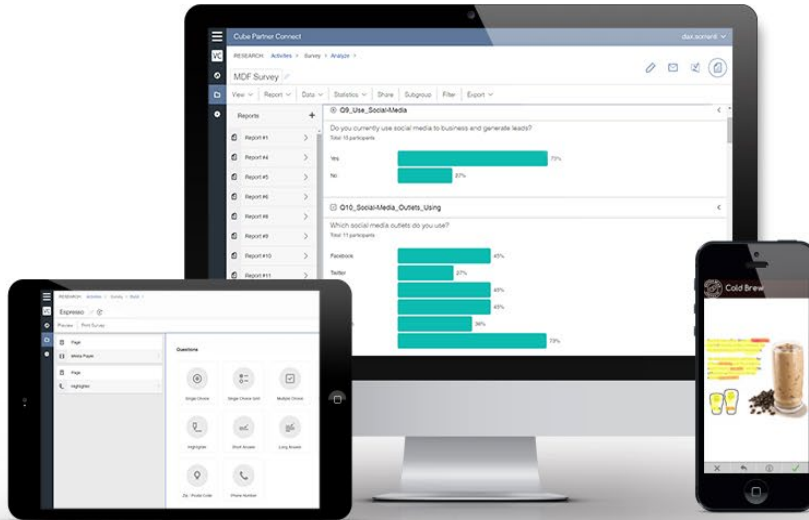
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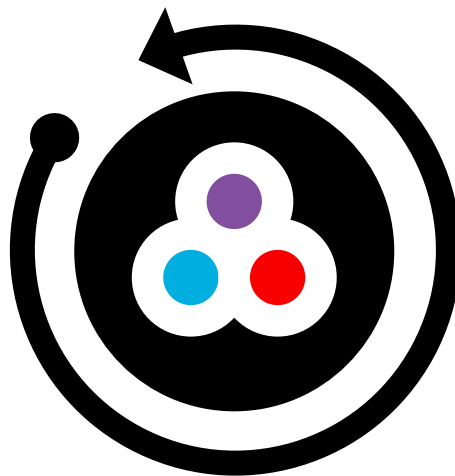
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