

Marketing to

GEN Z

and their Gen X Parents

Contents

Who is Generation Z and Why Do They Matter?	3
Generation Z: the Gen X Offspring	4
Surveying Gen Z in the Southeast	5
Respondents Demographics	6
Education	7
Survey Results	7
Gen X Values Influence Gen Z Educational Choices	8
Work and Career Goals	9
Banking	11
Shopping & Spending	12
Buying a Car	14
Travel	15
Conclusion	16

Who is Generation Z and Why Do They Matter?

The simple answer is – they are the upcoming generation and the generation that will heavily influence the rest of us – from Millennials to Gen-X to Boomers. They are the group changing the way we work, spend money and communicate – and many of them haven't finished high school yet. How can that be? How can one generation be so influential and so powerful, and be so young? That's what we're about to explore – the power of Generation Z.



Generation Z: the Gen X offspring

Gen Z is the first generation to grow up completely immersed in the digital culture. Gen X were already adults when they became first-adopters of cell phones, the internet and the gradual rise of the smartphone culture. Millennials, who came in between, were kids as the digital culture germinated, but this new generation of Z'ers was literally born into a new digital age absent of landlines, and fully immersed in YouTube and Facebook. Some Z'ers were operating smartphones and tablets before they went to kindergarten. If you ask a Z'er whether they'd rather go a week without Wi-Fi or indoor plumbing, they'd forego the indoor plumbing (Jenkins, 2017).

According to Nielsen, Gen Z is now the single largest population segment at 26% of the total population (Sterling, 2017).



BOOMERS

BORN
1946-1964

GEN X

BORN
1965-1979

MILLENNIAL

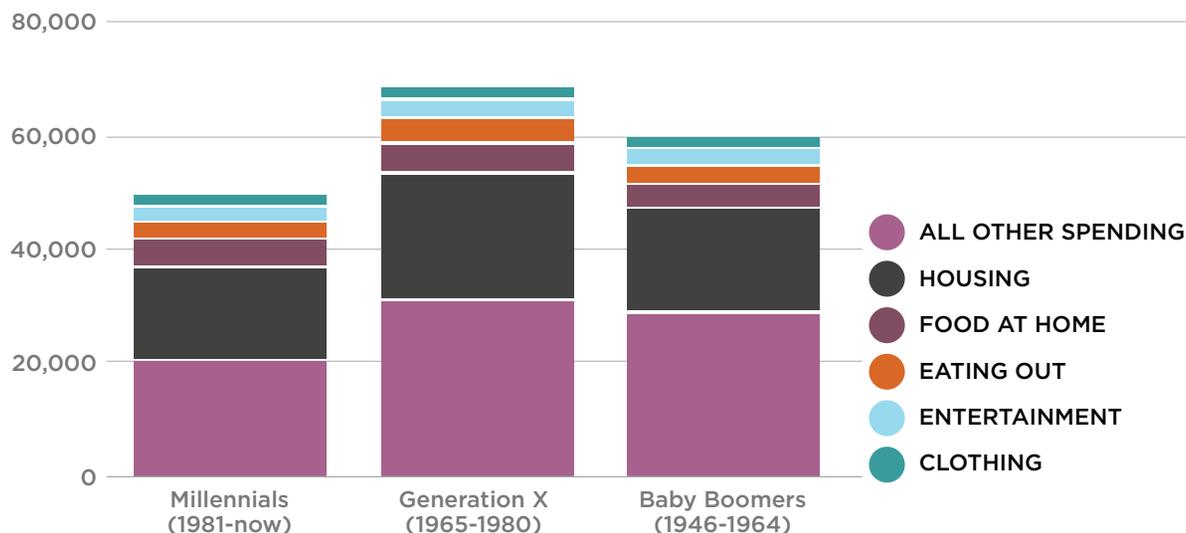
BORN
1977-1998

GEN Z

BORN
1995-?

GEN Z'ERS ARE THE CURRENT GENERATION OF YOUNG PEOPLE, BORN IN THE LATE 90'S OR LATER

Gen X Spent More Than Any Other Generation in the United States in 2016, by generation (in U.S. dollars)



GEN X HAS THE HIGHEST AVERAGE HOUSEHOLD SPENDING OF ALL OF THE GENERATIONS

Over the last 5 to 10 years, Boomers and Millennials have been getting all the attention, but with Gen X now numbering 66 million (Frye, 2018), they have the highest average household spending of any other generation. And they are the parents of this new generation of Z'ers. X'ers have been overlooked by marketers because the Boomers, with their legacy pension and health plans, gave them unprecedented amounts of disposable income as they became empty nesters and full-fledged retirees.

Gen X isn't like their Boomer parents; they're fully immersed in the digital age. They are prime targets for digital marketers. They may not be on Snapchat, but they click on digital ads, engage with email from brands they trust and are prime users of Facebook. They explore, research and convert on a combination of mobile and desktop platforms. And, as parents of Gen Z, they are getting pulled deeper into their kids' digital world.

Bottom line - Gen Z is important, not just because they're the next generation, but because they are the first 100% digital generation. They live in our homes, buy from our stores and influence how their Gen X parents live and spend. Now they're headed to college, entering the workforce, and utilizing our healthcare and banking systems. What changes will they demand? How will we need to adjust, adapt, adopt and evolve? The insights that follow will help us to begin to explore these questions.

Surveying Gen Z in the Southeast

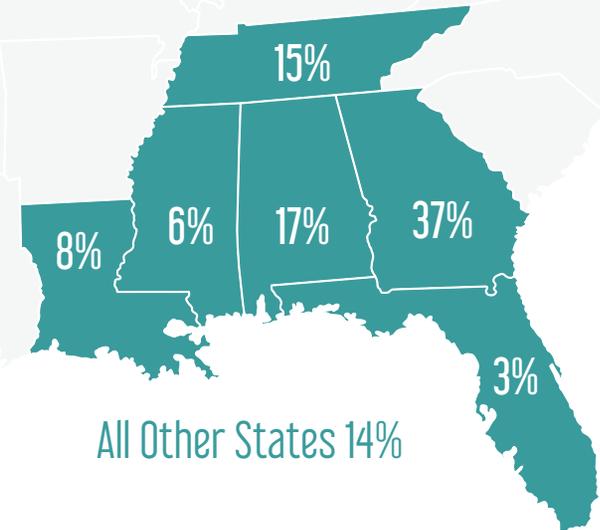
The results below are the culmination of data and insights from Gen Z'ers geographically located in the southeast United States. Using a combination of email, Facebook and SnapChat, we received 2,783 responses from Gen Z'ers aged 12 - 23.

Respondent Demographics

Gen Z has grown up surrounded by the most diverse culture ever seen in the United States. And, their ability to connect to the rest of the world through technology and travel reinforces the concept of diversity as normal, even desirable. They can be influenced by these cultural differences and customs at a scale not before seen.

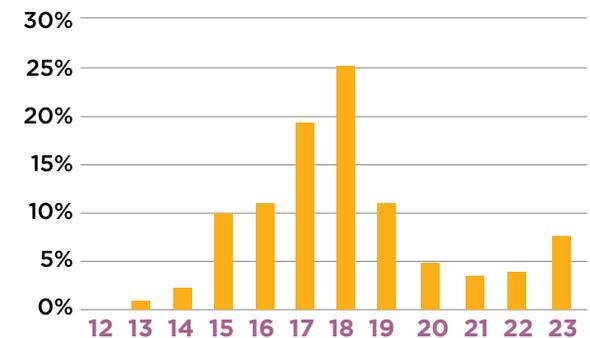
Technology and travel aren't the only factors influencing diversity in Gen Z. Their Gen X parents may have the greatest influence on this generations' views toward race and ethnic inclusion. They grew up in an age of media change that started with "Good Times" and continued with "Fresh Prince" and the Huxtable family in "The Cosby Show." (Read, 2016)

"Our Gen Z kids - the most ethnically and racially diverse generation in history - don't just accept diversity, they expect it. In fact, they only notice diversity when there is a lack of it. They also are much more accepting of gender differences and shifting gender roles. Fairness and equality are in their DNA." (Read, 2016)

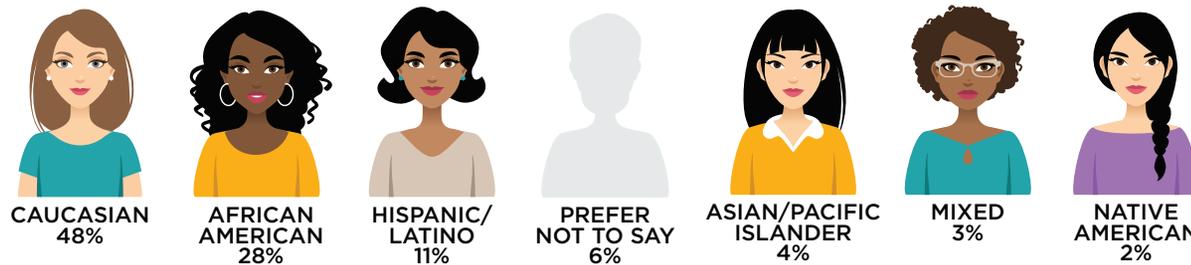


THE STUDY WAS FOCUSED IN THE SOUTHEAST UNITED STATES

% of Respondents by Age



PEOPLE AGES 12-23 WERE SURVEYED, THE MAJORITY BEING BETWEEN 15 AND 18



GEN Z IS THE MOST ETHNICALLY AND RACIALLY DIVERSE GENERATION, AND THEY EXPECT DIVERSITY

Education

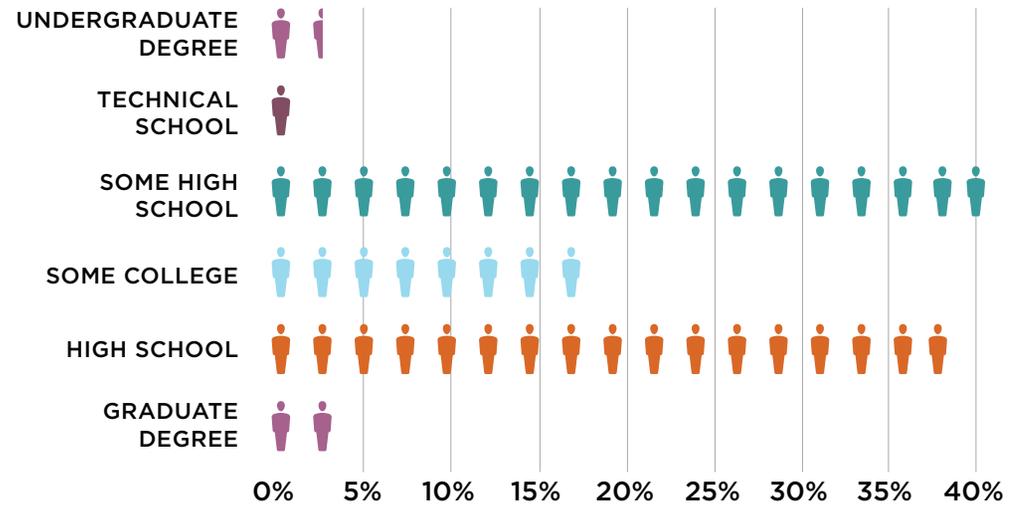
Survey Results

Most survey participants (55%) were either in college or had completed some college courses. 44% were in high school. Their perspective about education and college is insightful, especially for colleges and universities of all types facing the challenge of student recruitment.

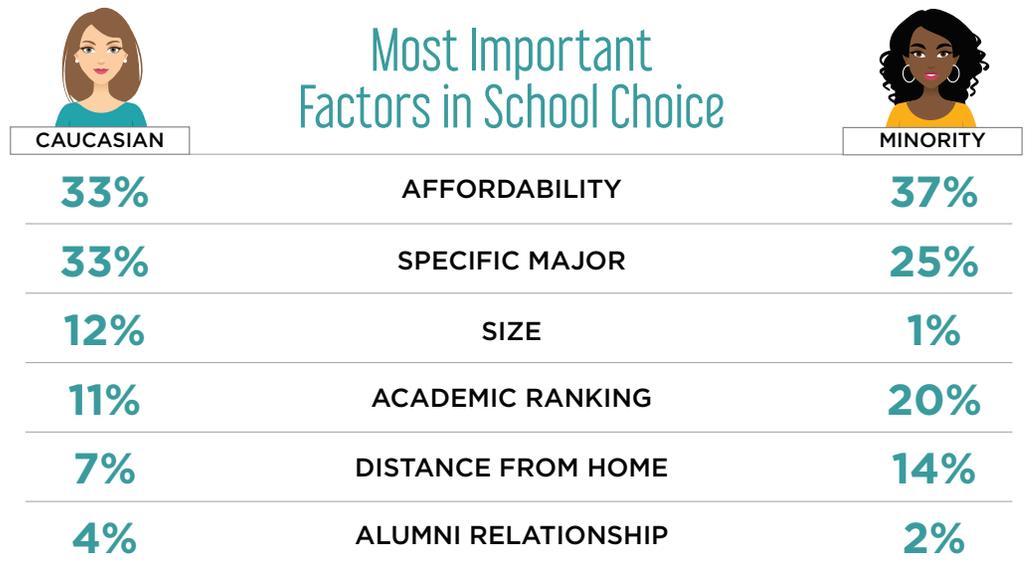
Two questions about education and funding give us insight into this group's attitudes and viewpoints on post-secondary education. Pronounced variances were revealed on questions of college choice and funding methods. When choosing a school, minority students put a higher premium on affordability, academic rating and distance from home than their white counterparts.

More minorities are depending on scholarships than whites, while whites are relying more on parents (8% higher) and student loans (5% higher) to pay for school. But, there's a bigger difference between the groups in work: 10% fewer whites are working or plan to work to pay for college than minority students.

Highest Level of Education Completed



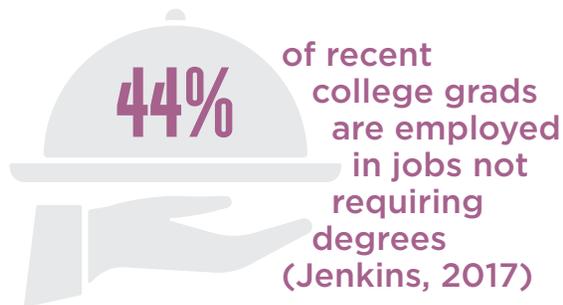
MOST PARTICIPANTS ATTENDED COLLEGE TO SOME DEGREE, AND MANY ARE CURRENTLY IN HIGH SCHOOL



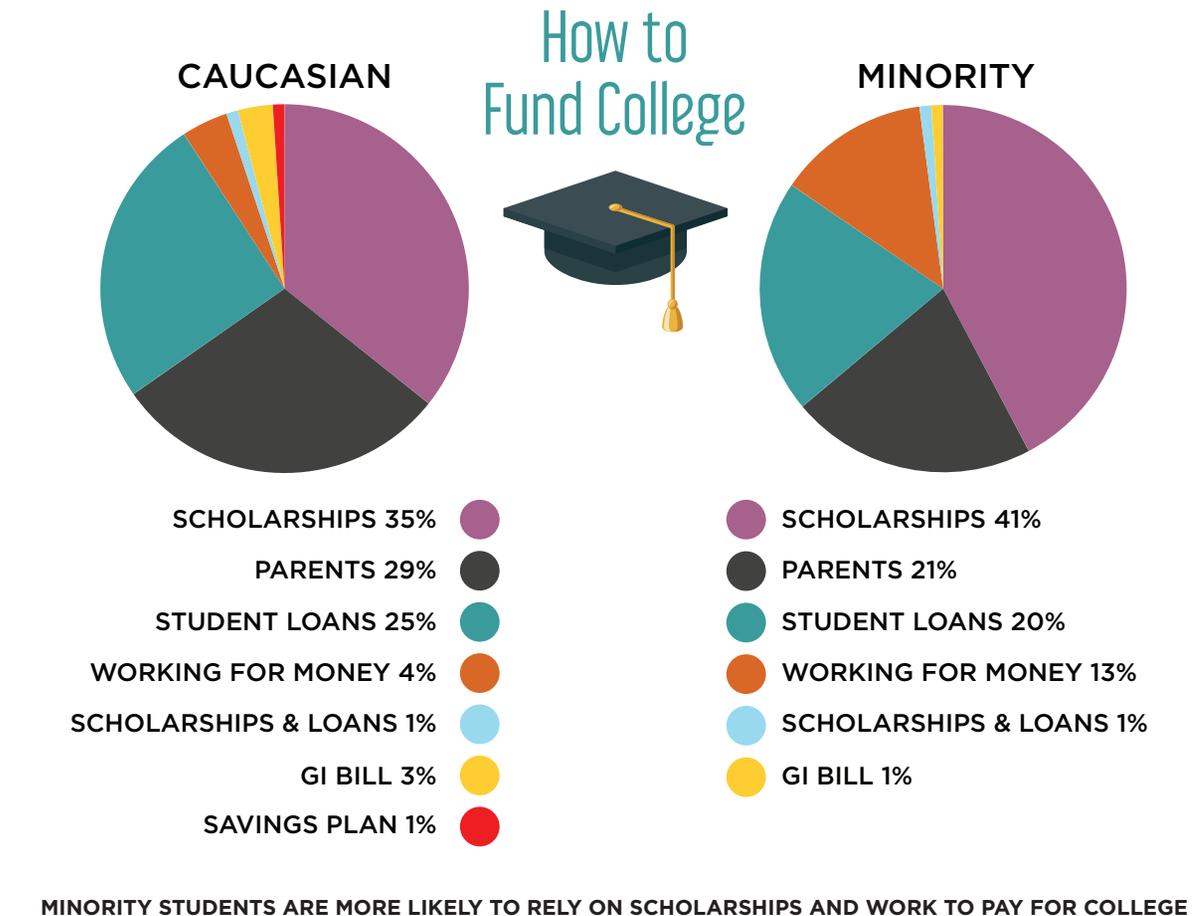
MINORITY STUDENTS CARE MORE ABOUT AFFORDABILITY AND ACADEMIC RANKING THAN THEIR CAUCASIAN COUNTERPARTS

Gen X Values Influence Gen Z Educational Choices

Gen X parents were hit hardest by the effects of the great recession and it shows in their attitudes toward debt. They have the second highest student debt load (Millennials are #1) (Ion Tuition, 2017), and they were most affected by the housing collapse as many bought into the market within a few years of the 2008 recession. Add the factors together, and this is the generation really feeling the effects of too much debt, tight budgets, limited discretionary income and in some cases, delayed retirement.



Bottom line, parents are telling their kids to watch out for debt - and in this case, the kids are listening. Seventy-five percent of Generation Z say there are other ways of getting a good education besides going to college, according to Sparks & Honey (Jenkins, 2017). If higher-ed is going to attract Gen Z, they're going to have to appeal to the practical side of their X'er parents.



Many of these parents lost their jobs during the recession or saw their friends out of work. They want to know that their kids are getting an education that will prepare them for changes in the economy, give them skills that are marketable across multiple industries and won't leave them strapped by debt that could delay them from taking key steps in their lives like marriage, buying

a house, saving for retirement or even retiring at all.

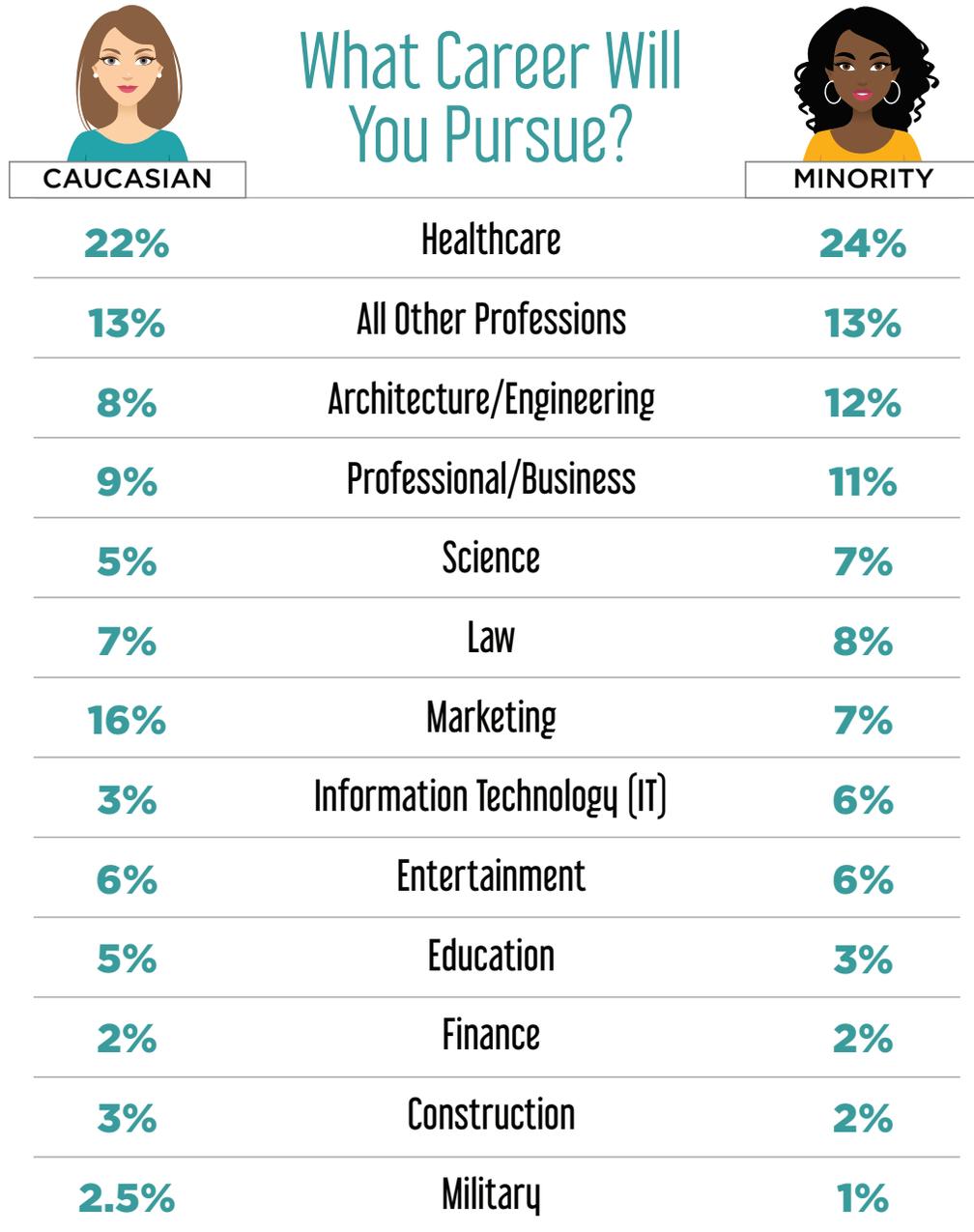
Working and Career Goals

National studies of Generation Z have revealed a grounded quality not found in previous generations at their age. They appear to approach life realistically, which some attribute to the experience of their X'er parents – median net worth of their parents fell by over 40% during the great recession according to Pew Research (Lynch, 2015).

When it comes to career choices and most desirable work attributes, the practical nature of the generation comes through. The most important job characteristics are work-life balance, stability and doing “fulfilling” work. Their occupational aspirations are aligned with industries with the highest demand, like healthcare and engineering.

According to a recent workforce survey by Robert Half, “77% of Gen Z expect to work harder than previous generations” to meet workplace expectations. (Half, 2015).

Unlike job-hopping millennials, they are looking for stability and value companies that give them growth potential without having to change employers.



GEN Z'ERS ARE MORE LIKELY TO CHOOSE CAREERS THAT PROVIDE STABILITY, LIKE HEALTHCARE

By 2020 Gen Z will be 20% of the workforce, so companies need to be ready to recruit and retain if they want to attract the best talent (Lynch, 2015). While they have more conservative attributes (desiring stability, work-life balance), they are also expecting some of the same benefits that millennials have come to expect like flexible working conditions, diversity, and a challenging environment that gives them the ability to “role-hop” within the same company versus “job-hop” from employer to employer.

75%  of Generation Z would be interested in a situation in which they could have multiple roles within one place of employment (Lynch, 2015).

And don't forget, this is the digital generation – 100% digital. If you're not 100% digital (and mobile) friendly in the hiring process, then you won't be found or you will be ignored. You will have to use a multitude of digital channels to be seen and convert job seekers to job applicants with your company. This generation doesn't think of technology as helpful, they demand that the companies they apply to have a friction-free digital experience that finds them where they are – from social media to job boards to mobile friendly applications.

Do You Currently Have a Job?



MOST GEN Z'ERS ARE CURRENTLY UNEMPLOYED

MOST IMPORTANT Job Characteristics



FOR GEN Z'ERS, WORK/LIFE BALANCE IS THE MOST IMPORTANT WHEN CHOOSING A JOB

Banking

Regardless of ethnicity, Generation Z has mostly shunned credit cards – only 27% have one or more. But there are some differences along ethnic lines when it comes to banking. The most important disparity is in the number of unbanked Gen Z cohort. 22% of whites don't have an account while 36% of minorities are unbanked. This doesn't mean the household is unbanked, just the Gen Z'er.

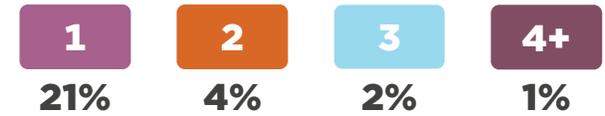


56% of Gen Z discussed saving money with their parents in the last 6 months (Team CGK, 2017)

For financial institutions, these responses indicate a great opportunity. 48% of Z'ers surveyed have a money or payment app on their phone – remember they are digital natives (Team CGK, 2017). Paying from a digital wallet, getting paid for babysitting through apps (Venmo and others) is the standard. If banks and credit unions can offer these services, they can establish loyalty at an early age.

But, to get to the Gen Z early, you'll need to go through their Gen X parents. Offering financial education videos, quick classes, apps and online blog and vlog content can make it easier for parents to teach their kids how to responsibly manage their money.

How Many Credit Cards Do You Have?



74% HAVE NO CREDIT CARDS

GEN Z'ERS ARE ACTIVELY AVOIDING CREDIT CARDS



CAUCASIAN

Do You Have a Savings Account?



MINORITY

68%

YES

53%

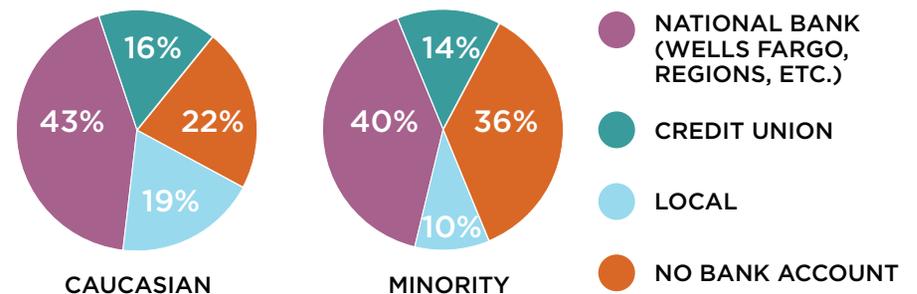
31%

NO

47%

CAUCASIAN GEN Z'ERS ARE MORE LIKELY TO OPEN SAVINGS ACCOUNTS

Where Do You Bank?



MINORITIES ARE MORE LIKELY NOT TO HAVE A BANK ACCOUNT AT ALL

Shopping & Spending

As marketers we work very hard to create a brand identity that sets us apart from our competition. And even more important is attracting a loyal brand following. So, what motivates Gen Z to lock in on a brand?



Regardless of age, when a Gen Z'er is present on the trip, the family spends more (NRF, 2017)

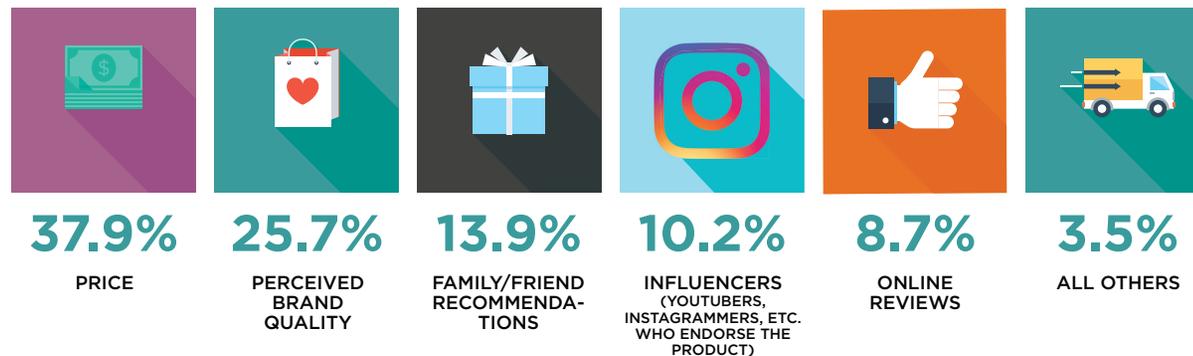
Even though family isn't the top influencer, 48% of Z'ers discuss purchases with their parents and peers (Team CGK, 2017).

And the influence goes both ways. Gen Z has a tremendous influence on their parents' spending for household items. According to the National Retail Federation, 85% of X'ers consult their kids in the research and consideration phase, and 91% consult their children at the point of purchase. (NRF, 2017).

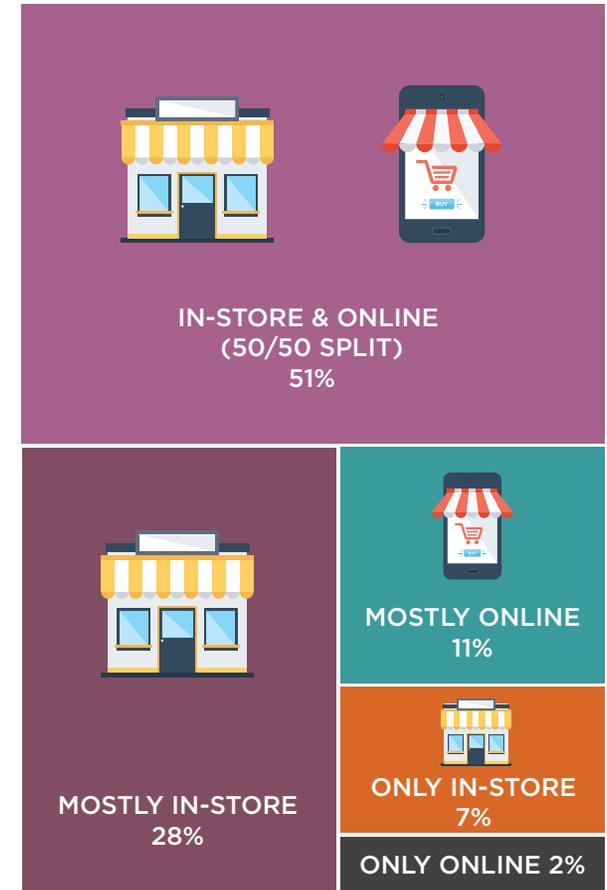
The top 5 household categories that Gen Z influences are: (NRF, 2017)

- 1 Food and Beverages
- 2 Furniture
- 3 Household Goods
- 4 Travel
- 5 Eating Out

Brand Characteristics that Influence Conversion



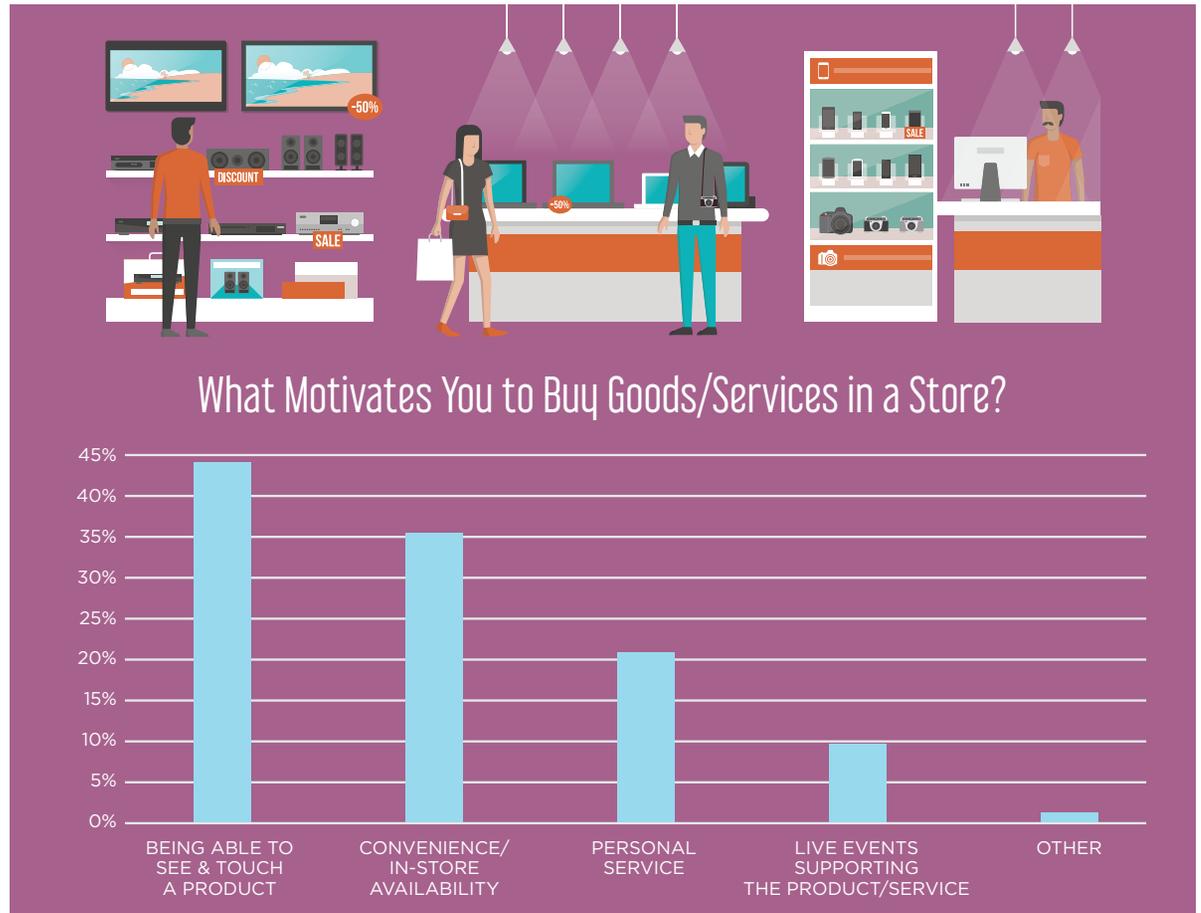
GEN Z'ERS ARE MORE PRICE AND QUALITY FOCUSED THAN OTHER GENERATIONS



GEN Z'ERS ARE STILL SHOPPING IN-STORE, VERY FEW SHOP ONLY ONLINE

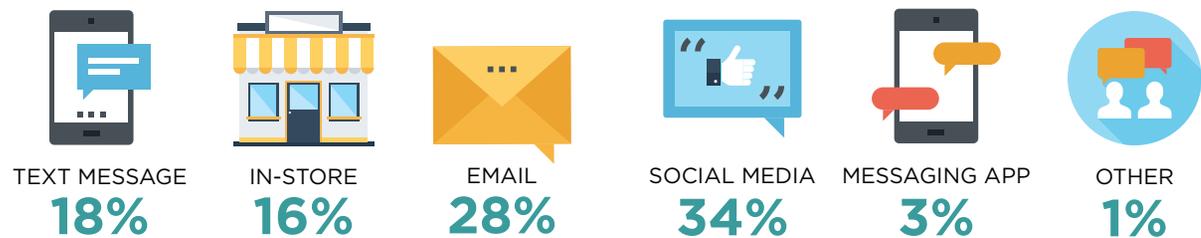
The survey responses are good news for brick-and-mortar retailers. These digital natives are practical shoppers. Digital is key to reaching this audience with marketing, but only 13% shop “mostly online” or “only online.” Still, it’s important to ensure what you see online is what you can experience in store.

Communication preferences are really where the “digital” in the digital generation shine through. This group overwhelmingly wants social, text or email communication with businesses. While financial institutions and utilities are already there, many retailers (at best) only have a one-way digital communication strategy posting on social, but not listening and responding. As this generation grows older, their habits will become more ingrained, so all businesses are going to have to beef up their two-way digital communication capabilities.



GEN Z VALUES BEING ABLE TO EXPERIENCE A PRODUCT IN-STORE

Communication Preference with Business



SOCIAL MEDIA, EMAIL, AND TEXT MESSAGE ARE THE TOP 3 WAYS GEN Z COMMUNICATES WITH BUSINESSES

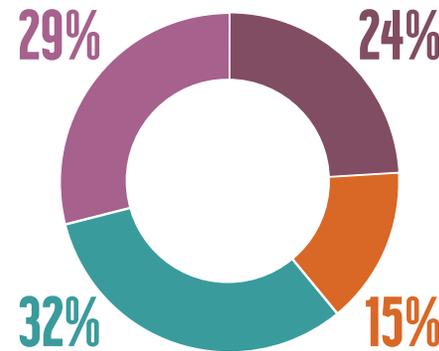
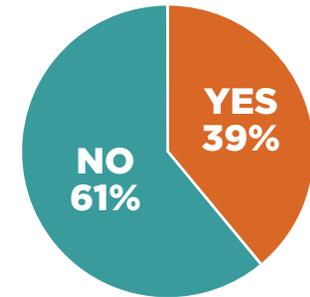
Buying a Car

Most of the survey respondents were between 15 and 18 (58%), but a significant group (32%) were between 19 and 23. And, all Gen Z'ers are influencers on the purchases made by their Gen X parents. As this generation enters the auto market, dealers should understand what they're looking for and what motivates their decisions.

The practicality of the generation shows up again in auto purchase preferences. Style and color are less important than price and gas mileage. Even safety features are nearly tied for third. With brand coming in low on the list, auto dealers are going to have to work hard to get this group's attention and increase stickiness.

Remember the earlier responses to questions about brand preference. The top 3 reasons Gen Z chooses one brand over another is price, quality and recommendations by family and friends. Gen Z marketing strategies must be two-pronged - target the X'er parents and the Z individuals emphasizing price, mileage, style and safety qualities of the models.

Do You Own a Car?

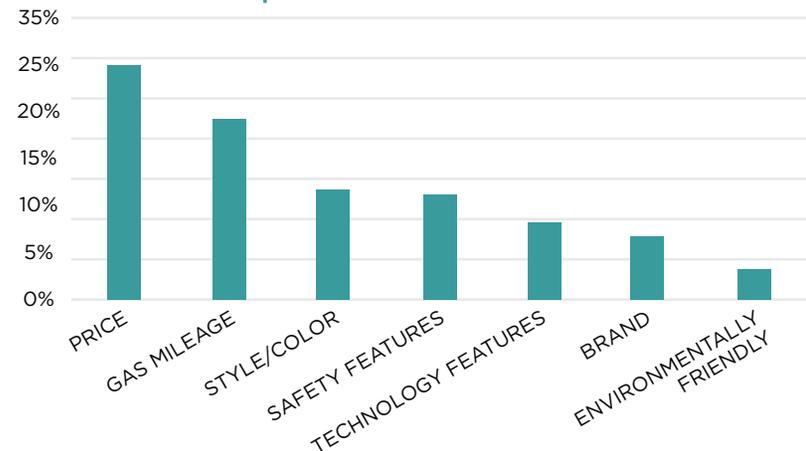


Likelihood to Purchase an Auto in the Next Two Years

- SOMEWHAT LIKELY
- VERY LIKELY
- VERY UNLIKELY
- SOMEWHAT UNLIKELY

A LARGE PORTION OF GEN Z DOES NOT OWN A CAR

Most Important Influencers – Auto



PRICE AND PRACTICALITY ARE FAR MORE IMPORTANT TO GEN Z THAN BRAND WHEN CHOOSING A NEW CAR

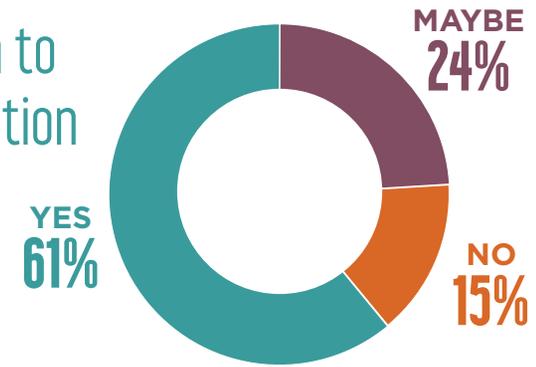
Travel

While Gen Z is influencing Gen X travel decisions, even assisting in researching and selecting destinations, activities and places to stay, they are also traveling on their own. According to Travel Weekly, they shop destinations using “snackable” blog and video content combined with ratings and reviews plus Instagram (Biesiada, 2018).

While cost is a factor, some will be supported by Gen X parents which could open up the range of options.

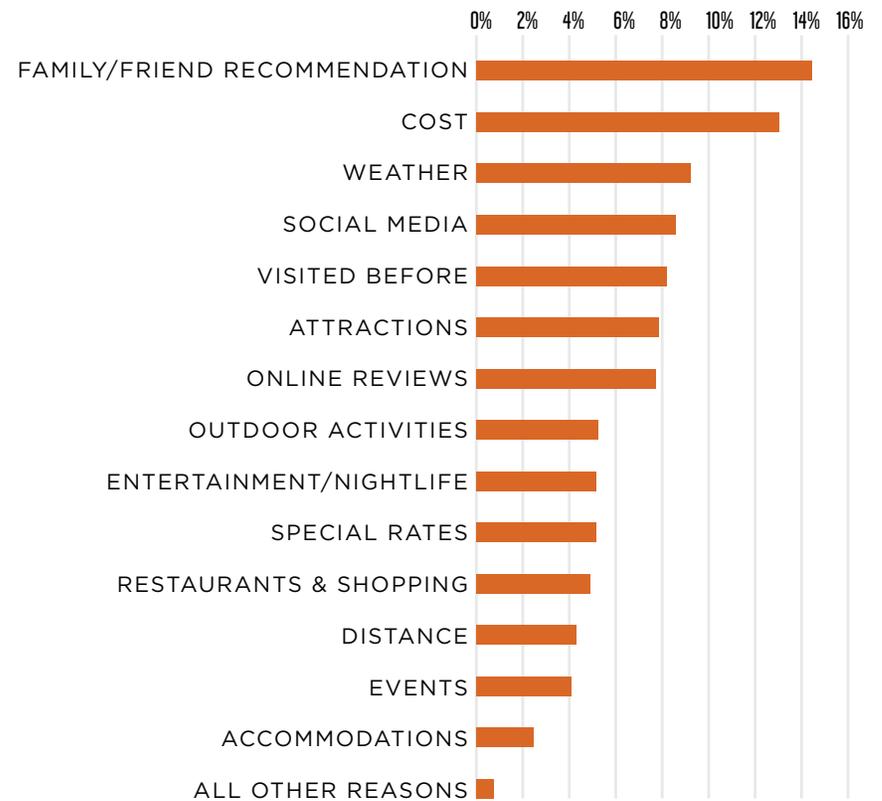
Gen Zers might be young and without huge incomes, but that isn't stopping them from traveling. (Biesiada, 2018)

Do You Plan to Take a Vacation this Year?



MOST OF GEN Z SAYS THEY PLAN TO TAKE A VACATION THIS YEAR

FACTORS THAT INFLUENCE DESTINATION



RECOMMENDATIONS AND COST ARE THE BIGGEST INFLUENCERS OF TRAVEL DESTINATION

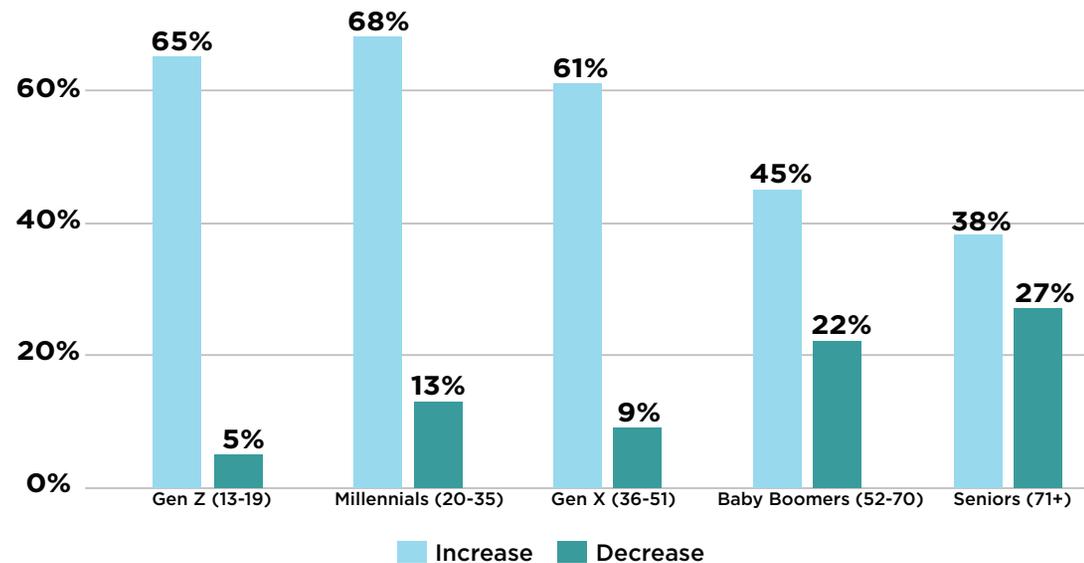
Conclusion

So how can it be that Generation Z is so influential at so young an age? It's their birthright. They were born, digitally speaking, ahead of the curve and at 26% of the total current population – the largest segment of all generations – they have the weight in numbers to affect all our industries.

The changes they'll demand will shape our world – and by all accounts – it seems they'll do so for the betterment of us all. They're grounded. And they care about quality and affordability.

As future employers of this generation – if you haven't put work-life balance at the center of your culture, or transitioned to 100% digital and mobile-friendly recruiting practices, you're already behind the curve. In less than two years – by 2020 – this generation will represent 20% of the workforce. This generation will demand digital sophistication from their employers. The good news is, you'll be rewarded for your early efforts to accommodate this generation. They're expected to seek out companies where they can grow from within, instead of constantly job-hopping. But more than that, they'll deliver a work product that perhaps we haven't seen before, as they expect to

Share Of Retailers Who Plan To Change Their Market Spending To US Consumers As Of January 2018, By Generation



GEN Z IS THE LARGEST GENERATION, AND RETAILERS MUST ADJUST THEIR MARKET SPENDING ACCORDINGLY

work harder than previous generations.

Marketers looking to access Gen Z'ers need to know that the strategy will look different than for previous generations. Nationwide, we know that 65% of retail marketers plan to increase Gen Z targeted spending, and 61% will increase spending to their Gen X parents. But, money is not enough.

From banking to travel, higher education to major purchases like

homes and autos, your entry point for both Z'ers and the influence of their X'er parents, is through coordinated and sophisticated digital marketing and advertising solutions. Connecting to both of these targeted groups will mean choosing the right channels, crafting messages that connect with authenticity and embracing a solid two-way digital communication strategy with real-time engagement. The time is now. 🌐

“We hate words.”

Social media from the perspective of a real Gen Z'er

As a Gen Z'er myself, I think this study describes me almost perfectly. However, the one thing that we didn't address in our survey was Gen Z's social media preferences.

Platforms like Facebook are unpopular with our generation, and it's simply because they are too complicated and have too many words. We hate words. I think I speak for many others when I say that YouTube, Snapchat, and Instagram are our go-to platforms. They're just so much easier to use. We like things that are simple and visual.

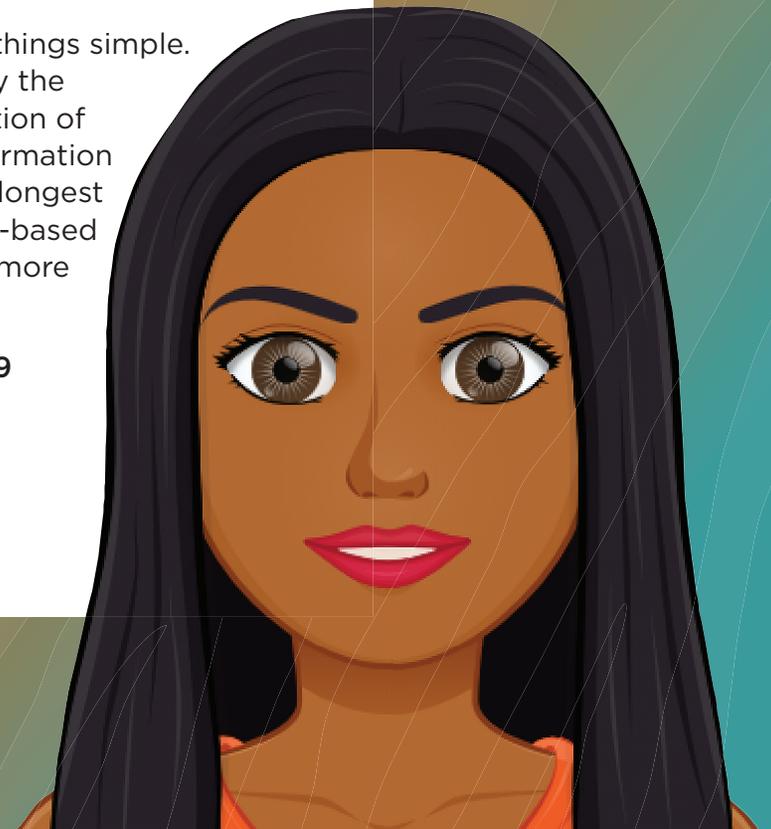
My personal favorite platform is Snapchat, especially for news. What's great about Snapchat is that publishers on the discover page of Snapchat only show you an image with a headline, and you have the option to swipe up to read the full article. Otherwise you can simply tap on the right side of your screen and it'll take you directly to the next story. It's a very fast and efficient way to

consume information, and that is why we love it so much.

For video, YouTube is the way to go. We use it almost everyday. If we're not watching videos in the YouTube app, we're watching YouTube videos embedded in other social media sites like Facebook and Twitter.

As a generation, we like things simple. We're more impressed by the readability and presentation of information than the information itself. We don't have the longest attention spans, and text-based platforms are becoming more and more unappealing.

-Serena Ralph, born 1999



Works Cited

- Biesiada, J. (2018, March 7).** *They're not millennials: Targeting Gen Z.* Retrieved from [www.travelweekly.com: www.travelweekly.com/Travel-News/Travel-Agency-Issues/Targeting-Generation-Z](http://www.travelweekly.com/Travel-News/Travel-Agency-Issues/Targeting-Generation-Z)
- Fry, R. (2018, March 1).** *Millennials Projected to Overtake Baby Boomers as America's Largest Generation.* Retrieved from [www.pewresearch.org: http://www.pewresearch.org/fact-tank/2018/03/01/millennials-overtake-baby-boomers/](http://www.pewresearch.org/fact-tank/2018/03/01/millennials-overtake-baby-boomers/)
- Half, R. (2015, August 2015).** *Get Ready for Gen Z.* Retrieved from [www.roberthalf.com: www.roberthalf.com/blog/the-future-of-work/get-ready-for-generation-z](http://www.roberthalf.com/blog/the-future-of-work/get-ready-for-generation-z)
- Ion Tuition. (2017, June 13).** Ion Tuition Blog. Retrieved from [www.iontuition.com: blog.iontuition.com/student-debt-impact-generation-x/](http://www.iontuition.com/blog/impact-generation-x/)
- Jenkins, R. (2017, July 19).** *Generation Z vs Millennials: The 8 Differences You Need to Know.* Retrieved from [Inc.com: www.inc.com](http://www.inc.com)
- Lynch, A. (2015, July 8).** *Gen Z Kids Are Like Their Great-Grandparents. Here's Why.* Retrieved from [www.generationaledge.com: www.generationaledge.com/blog/posts/genz-like-grandparents](http://www.generationaledge.com/blog/posts/genz-like-grandparents)
- NRF. (2017, January).** *Uniquely Gen Z.* Retrieved from [www.nrf.com: https://nrf.com/resources/consumer-research-and-data/generation-z](https://nrf.com/resources/consumer-research-and-data/generation-z)
- Read, A. (2016, October 26).** *Slackers No More: Gen X Parents Raising Amazing Gen X Kids.* Retrieved from [www.moderndad.com: www.moderndad.com](http://www.moderndad.com)
- RetailMeNot. (2018, February).** www.statista.com. Retrieved from U.S. retailers marketing spend plans 2018, by generation: <https://www.statista.com/statistics/821266/us-retailers-marketing-spend-change/>
- Sterling, G. (2017, July 17).** *Move Over Millennials, Gen Z Now the Largest Single Population Segment.* Retrieved from [www.marketingland.com: https://marketingland.com/move-millennials-gen-z-now-largest-single-population-segment-219788](https://marketingland.com/move-millennials-gen-z-now-largest-single-population-segment-219788)
- Team CGK. (2017, May 15).** *5 Things Moms Should Know About Their Gen Z Kids.* Retrieved from [www.genhq.com: www.genhq.com/5-thing-moms-know-gen-z-kids/](http://www.genhq.com/5-thing-moms-know-gen-z-kids/)

About Alabama Media Group

Alabama Media Group is Alabama's #1 media company and largest digital advertising network, producing top websites, social brands, videos, newspapers and magazines for Alabama and the Southeastern United States. From hard news to southern pride, Alabama Media Group publishes many genres of popular content under two main flagship brands, AL.com and Red Clay Media, as well as, the state's top three newspapers: The Birmingham News, The Huntsville Times and Mobile's Press-Register.

We sell a full range of advertising services including:

- Online Display Advertising
- Content Marketing
- Social Media Advertising
- Search Marketing
- Print Advertising
- Video Marketing
- Email Advertising

ALABAMA
M E D I A G R O U P

Learn more about our multi-channel marketing solutions by contacting your Alabama Media Group marketing solutions specialist at advertise@al.com.