

Gen Z requires new thinking, fresh approach

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The first wave of Generation Z - those born between 1995 and 2010 - have left school or graduated from university and are entering the job market. That means they're earning an income and, therefore, have money to spend and, importantly, invest.



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The question every brand, sales or product development manager should be asking is, how must our approach change to develop, package and distribute products and services to this new generation to remain relevant?

While Gen Z shares a few character traits and behavioural similarities with later-generation millennials, they can't be treated like their predecessors. As such, applying the same old industry approach to communication, engagement and product and service design will fail to meet the demands and preferences of this emerging cohort.

An emerging force

Also known as Centennials, Founders or the iGen, Gen Z is rapidly emerging as the next powerhouse consumer segment. It is estimated that by 2020 there will be 2.6 billion Gen Zers globally, which accounts for 40% of all consumers. In the US, Gen Zers will account for 33% of the country's population and drive 25% of the local economy.

Companies should already be considering how to transform their current approach to capture the attention of this unquestionably prolific market. Those that don't, face obsolescence amid an entirely new market dynamic.

Their unique attributes that can't be ignored include:

- A desire to do good in the world through their actions, their charity and with the money they invest. It's why Gen Zers are also known as "Philanthropeens."
- They're a tech-native, mobile-first generation. They've grown up with technologies and social media, with Snapchat, Instagram and Facebook their platforms of choice.
- They're "woke". As a generation who has engaged on social media from a young age, they're acutely aware of the latest news and the impact of global trends such as terrorism, our volatile economic situation, climate change, and the numerous humanitarian challenges unfolding around the globe.
- They've seen the lasting impact that an economic meltdown can have on long-term wealth. After witnessing the devastating effects of the 2008-2009 global financial crisis, Gen Zers are astute savers and investors.
- They are open-minded and bucket-list oriented. They place a premium on experiences rather than material objects, with travel atop their list of discretionary expenses.

Key insights

What these trends mean is that Gen Zers expect seamless digital experiences. Integration, omnichannel engagement capabilities across platforms and devices, and transparency are, therefore, the non-negotiables for brands that want to appeal to this market segment.

That's because, in the context of generation Z, ROI means 'return on interaction' rather than on investment. Brands will need to craft meaningful and impactful interactions, with the ability to engage on their preferred platform at that specific moment if they hope to connect with this new, upwardly-mobile breed of consumers and hold their attention amid the noise and clutter of multiple distractions.

Content, experiences will win

Primary in this regard will be an evolution in the content we create. Gen Zers generally have shorter attention spans and love to multitask. This means they consume content differently. Short, concise and relevant will deliver the biggest impact.

Companies must also craft personalised online experiences and offer these consumers something new or improved from their previous frame of reference. Repackaging the products and services sold to Millennials in the faux wrapping of superfluous enhancements will be a sure-fire way to lose market share.

Get this formula right and brands will create the affinity and connection with Gen Zers that will entrench loyalty and drive repeat business more effectively than traditional (and outdated) strategies such as price penetration.

New workplace paradigm

It's also pertinent to consider the impact that Gen Zs' shifting preferences will have on sectors like financial services. For example, their desire to do good in the world is already driving a shift towards socially responsible impact investing. Providers that aren't meeting this demand will rapidly lose relevance and market share.

Their largely independent and entrepreneurial mindsets suggest they also prefer freedom and the opportunity to explore what excites them most in life. This will transform the workplace as they may do more than simply job hop. Many will actively look to switch careers, applying the transferable skills they learn from school, tertiary institutions (if they even pursue formalised after-school education) or online to different industries.

Accordingly, few will want to be bound to a long-term fixed career path with a single organisation. This obviously means that

traditional structures such as group benefits that offer life insurance and provident funds and other retirement savings instruments to employees may not work in this context.

New business models needed

Their project-based, entrepreneurial work dynamic also suggests that regular monthly income will become the exception, not the norm. This will drive a shift in Gen Zs' savings culture.

Financial services providers will, therefore, need to meet their financial demands at the appropriate time during their income-earning cycle, with products that are most relevant to them at that specific stage in their life.

To cater to this requirement, businesses may need to consider partnering with financial services providers that can facilitate seamless transitions from one benefits provider to the next. Alternatively, brokers might need to adjust their strategies to reach individuals instead of businesses.

And due to the influence of technology in their lives, their preferences around how they access information and products will also need to evolve. The industry is already witnessing a shift towards digital platform models that augment traditional advice and sales channels.

The implication is a sector that is driven largely by lump-sum contributions made via apps, rather than monthly debit orders. This will have a significant impact on cash flow and will have serious ramifications for the insurance sector, which was built on upfront premiums.

This new paradigm will obviously require an overhaul of current business models. Accordingly, if we aren't already considering the significant implications that Gen Z will soon have on our businesses, then we are severely compromising our future sustainability. Now is the time to consider how we transition to what will become the new normal if we hope to create a new business or uncover entirely new markets.

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