



CivicScience Insight Report

The New Generational Divide: Generation Z vs. Millennials

Over the past few years, it was all about Millennials. Companies and retailers wanted to know everything they could about the generation's behaviors and the products they like, in the hopes of making them customers. However, the tides are changing. There is a new, younger generation, with the oldest just shy of 20, catching the attention of businesses. At nearly 70 million people, Gen Z's size and influence are quickly approaching that of Millennials, making them a valuable group of consumers.

Gen Z is the first generation born in the 21st century. They are growing up tethered to technology. So how, if at all, is this changing their shopping behaviors, media consumption, and technology usage? In order to find out how retailers and companies can better market, advertise, and create products to appeal to this emerging generation, we compared the behaviors of Gen Z (13-18-year-olds) consumers to Millennial consumers (18-34-year-olds).

July 15, 2016: Using data from CivicScience's InsightStore™ platform, we've uncovered numerous and extensive insights regarding the behaviors and patterns of Generation Z and Millennial consumers. This report lists some of the top findings and discoveries related to the generations' shopping habits, media consumption and technology usage.

Shopping Habits and Behaviors

First, let's cover the top 3 shopping differences between Generation Z and Millennials, and outline how their brand preferences vary.

#1 Millennials are more price sensitive.

In general, Millennials seem to show more price-sensitive behaviors than Gen Z.

- Millennials are 29% more likely always to compare prices before making purchases.
- Millennials are 18% more likely to be price-conscious when it comes to clothing purchases.

The reason for this behavior? Given the younger age of the Gen Z folks, there's a good chance their parents are still supporting them and making many of their purchases, so they may not be as inclined to find the best price. However, it will be interesting to track whether their behaviors change as they become more financially independent.

#2 Millennials are more likely to be market mavens.



CivicScience Insight Report (continued)

Millennials are only slightly more likely than Gen Zers to be early adopters; however, there’s a bigger gap when looking at their product evangelizing tendencies. Millennials are 40% more likely to tell family and friends about a product they are happy with, and they are also more likely to tell family and friends when they are *not* happy with a product.

As long as Millennials are satisfied with a product, they could be a great source of word-of-mouth marketing. Gen Z doesn’t share their product experience as much with family and friends, so retailers and brands must find innovative ways to get the younger generation to spread the word about their products. Retailers should consider offering free items or product discounts in return for customers following them on Instagram or Snapchat. This offer may entice more Gen Z shoppers to interact with their brand and evangelize about their products on social media sites. And we know social media is important to them...

#3 Social media is the best way to reach and influence both generations.

Over half of Millennials and Gen Zers say they are most influenced by social media rather than ads on TV or the Internet. It’s a bit surprising to see Millennials are influenced more by social media than Gen Z:

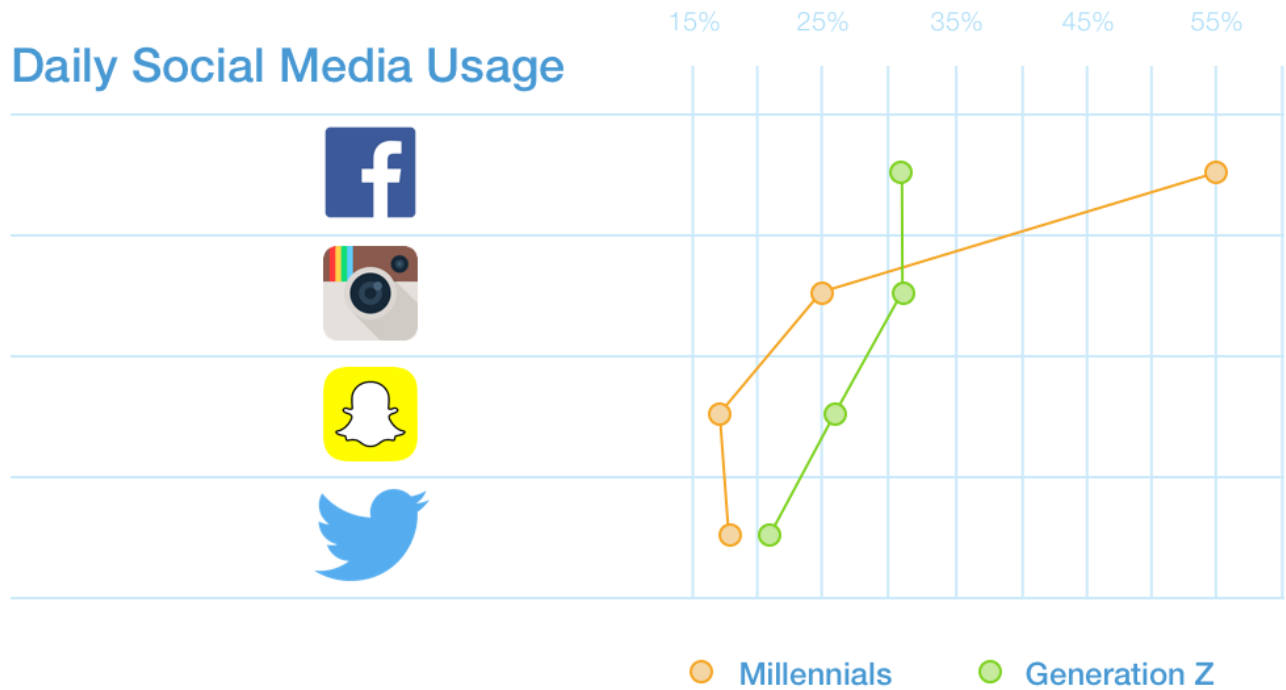
Media Influence	Millennials	Generation Z
Ads on TV have the most influence on purchases	25%	29%
Ads on the Internet have the most influence on purchases	17%	18%
Comments on social media have the most influence on purchases	58%	53%

Gen Z is slightly more likely to be influenced by TV ads and is slightly less likely to be influenced by social media. We will come back to why this may be occurring in a minute, but first let’s cover which social media sites they favor since it’s the best way to reach these younger generations.

The social network behemoth Facebook seems to be losing traction with younger generations: 55% of Millennials use Facebook daily, compared to 31% of Gen Z. Facebook is tied with Instagram as the top social network Gen Z uses daily. After Facebook and Instagram comes Snapchat and Twitter. Given the top sites among this generation, it’s evident that they are fans of more visual platforms.



CivicScience Insight Report (continued)



Brand Preferences

So what apparel brands and retail stores do each generation favor? Knowing this information can help inform brands what age groups they should spend time targeting:



CivicScience Insight Report (continued)



Many of the brands, such as Hollister and American Eagle, actively target younger age groups, so it isn't surprising to see those brands higher on Gen Z's list. However, it's interesting to see the favorability breakdown of brands like Lululemon and Nike. It looks like Nike has a strong hold among Gen Z consumers. When it comes to brand loyalty, almost one in four (24%) Millennials and Gen Zers are very loyal to their favorite brands. However, that doesn't mean this list won't change in the next few years. Consumers' preferences, especially at a younger age, change frequently. All the more reason to keep tabs on these valuable shoppers.



CivicScience Insight Report (continued)

Media Consumption

Now let's focus on the top 3 media consumption differences between Generation Z and the Millennial generation.

#1 Over half of Gen Z stream TV or movies every day.

We know that close to half of Millennials stream TV shows or movies every day, but Gen Zers stream their TV and videos just as much as they watch television live (or maybe DVR) each day. 51% spend more than 1 hour per day streaming TV/videos while 52% spend more than 1 hour per day watching TV. Compare this to the 60% of Millennials who spend more than 1 hour per day watching television. Then there's YouTube, which attracts a huge number of Gen Z viewers each day. 72% of the younger generation visits the site DAILY to watch videos.

Online Video & TV Streaming	Millennials	Generation Z
Streaming TV / video more than 1 hour / day	47%	51%
Spends more than 1 hour / day watching TV	60%	52%
Distracted when watching TV (looking at non-show related content)	38%	31%
Visits YouTube daily	52%	72%

Not only do streaming services have a tremendous opportunity among both groups, but streaming devices such as Roku, Chromecast, Apple TV, etc. also have a significant opportunity. Due to the shifting preference of having everything "on demand", and choosing exactly when and what they want to watch, I would imagine more cable companies will consider "unbundling" their cable packages in order to better compete with streaming services.

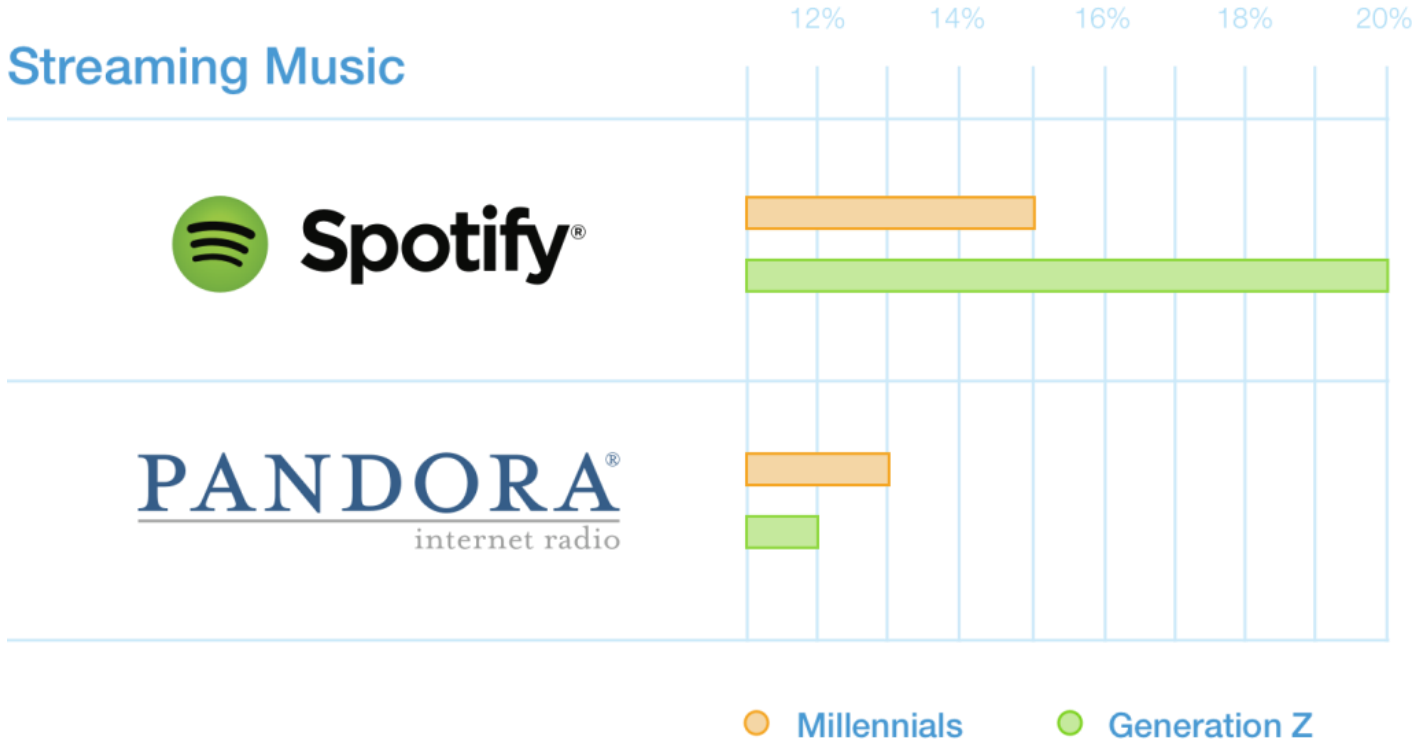
#2 Overall, Gen Z spends more time streaming music.

Pandora and Spotify are top players when it comes to streaming music. Gen Zers are 33% more likely than Millennials to listen to Spotify more than 5 hours a week. However, when it comes to streaming music on Pandora, both groups behave similarly: 12% of Gen Zers listen to Pandora more than 5 hours a week compared to 13% of Millennials. About 21% of Gen Z consumers pay for their music streaming, while roughly 56% listen to free services,



CivicScience Insight Report (continued)

which is in line with Millennials' behaviors. Since the majority of each generation are listening to free streaming versions, they are hearing numerous advertisements throughout the week. This may be a good advertising option for companies trying to reach these younger consumers.



#3 Social media is becoming the first stop for breaking news among younger generations.

Where do people go most for breaking news: local news sources (local TV stations or websites), national news sources, or social media? In the case of Millennials, national news sources rank number one. 39% of Millennials rely on this method for their breaking news. Next, comes local news with 26%, and 23% go to social media sites for their breaking news (others either listen to the radio or don't care about breaking news). On the other hand, 23% of Gen Z rely on local news sources, 28% rely on social media, and 25% rely on national news sources.

It will be interesting to see what happens as more Gen Zers become interested in current events and news. But for now, it looks like social media is a major news source for these individuals. If they aren't already doing so, local and national sources may need to provide short news videos and stories on social media sites, such as Twitter's Moments feature or Snapchat's Stories feature, in order to better engage with this younger audience.



CivicScience Insight Report (continued)

Technology Usage

Lastly, let's compare the top 3 tech usage habits of Gen Zers and Millennials.

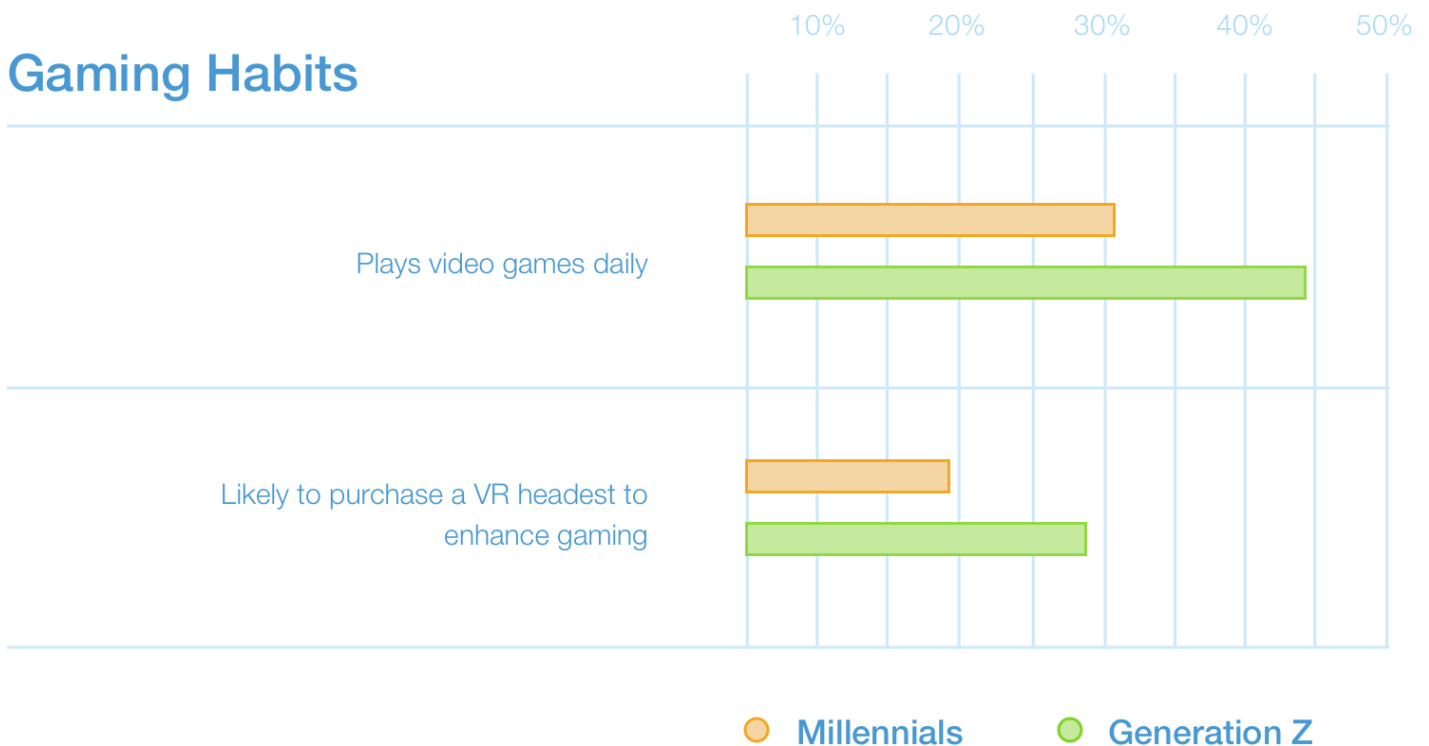
#1 Gen Z is addicted to their digital devices.

After asking people "Would you call yourself addicted to your digital devices? (computer, smartphone, etc.)," we found Gen Zers are 25% more likely than Millennials to say they are addicted to their digital devices. A full 40% of Gen Z are self-identified digital device addicts. This generation grew up with technology, and for them, it's probably hard to go without their devices. If this younger generation is constantly on their phones or devices and not watching as much live TV, we may experience a massive shift in advertising methods and marketing messages.

#2 Gen Z is serious about gaming, and virtual reality is on their mind.

28% of Generation Z is interested in purchasing a VR headset in order to enhance their gaming. This number compares to only 19% of the Millennial population. Close to half (44%) of Gen Zers play video games daily, which is 42% more likely than Millennials. Because of their increased playing frequency, it isn't surprising that they are interested in purchasing a VR headset. As we see more Gen Zers entering the workforce, we may see more VR headsets being purchased.

Gaming Habits





CivicScience Insight Report (continued)

#3 Millennials are slightly more likely to own fitness trackers and smartwatches.

When comparing fitness tracker and smartwatch ownership and usage, Millennial consumers are slightly more likely (+25%) to own and use trackers and/or smartwatches than Gen Z consumers. However, this doesn't mean Gen Zers aren't interested in owning a wearable fitness tracker and a smartwatch. Gen Zers are 63% more likely to say they plan to purchase a smartwatch, and they are 38% more likely to say they plan to purchase a wearable fitness tracker. It will be important for fitness tracker and smartwatch manufacturers to continue to evolve their products in order to keep the interest of Generation Z.

What does this all mean?

Gen Z is growing in size and influence, so it's important to start paying attention to this group of consumers. This younger generation is used to having media "on demand" and at their fingertips. From what we saw, streaming media is huge for this generation. They stream their TV shows, movies, video clips and music. Social media is also part of their daily routine, and it influences their shopping. They are addicted to their devices and as their financial situation improves, it seems they will continue purchasing new technology and gadgets. However, this device addiction, shift in content consumption and social media influence may pose a greater challenge to media companies, advertisers and marketers. It's important to understand Gen Z's current behaviors and to continue tracking their behaviors in the future.

About the CivicScience Methodology:

CivicScience is a modern marketing intelligence company. We conduct scientifically-proven polls across hundreds of premier websites to collect consumer opinion all day, every day. Respondents voluntarily opt-in their answers with no incentives, compensation or coercion – they answer for fun and are kept anonymous, allowing for greatly reduce bias and higher levels of engagement. This report was developed using data collected from January 2015 to July 2016.

© July 2016. CivicScience, Inc. <http://www.civicscience.com>

Visit our online Insight Report library:

Click here to browse more Insight Reports like this, leveraging data from the InsightStore™ -- our proprietary polling and automation platform.