

Is Gen Z the spark we need to see the light?

2021 Gen Z Segmentation Study
Insights Report

■ ■ ■ ■
The better the question. The better the answer.
The better the world works.



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Building a better
working world



Executive summary

Gen Z is different. They are a generation that will not be put in a box. They defy labels. And they are here to challenge your perspective of the world.

Gen Z is shifting societal paradigms, creating new norms around **activism, wellness, and success.**

These seismic shifts bring major implications for businesses from both a consumer and employee perspective.

Businesses can better predict future trends when they look through the eyes of the generation that comes next.

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What do we really know about Gen Z?



Born between 1997 and 2007



While Gen Z, born between 1997 and 2007, represent just 14% of the U.S. population, they out-punch their weight in influence – setting the pace of change for prior generations, as well as providing indicators of what generations that follow will come to expect. Together, **Gen Z and those that follow represent 28% of the U.S. population, and their influence and spending power will far exceed even that high percentage.**

In this report, “Gen Z” refers those born between 1997 and 2007, unless otherwise noted.

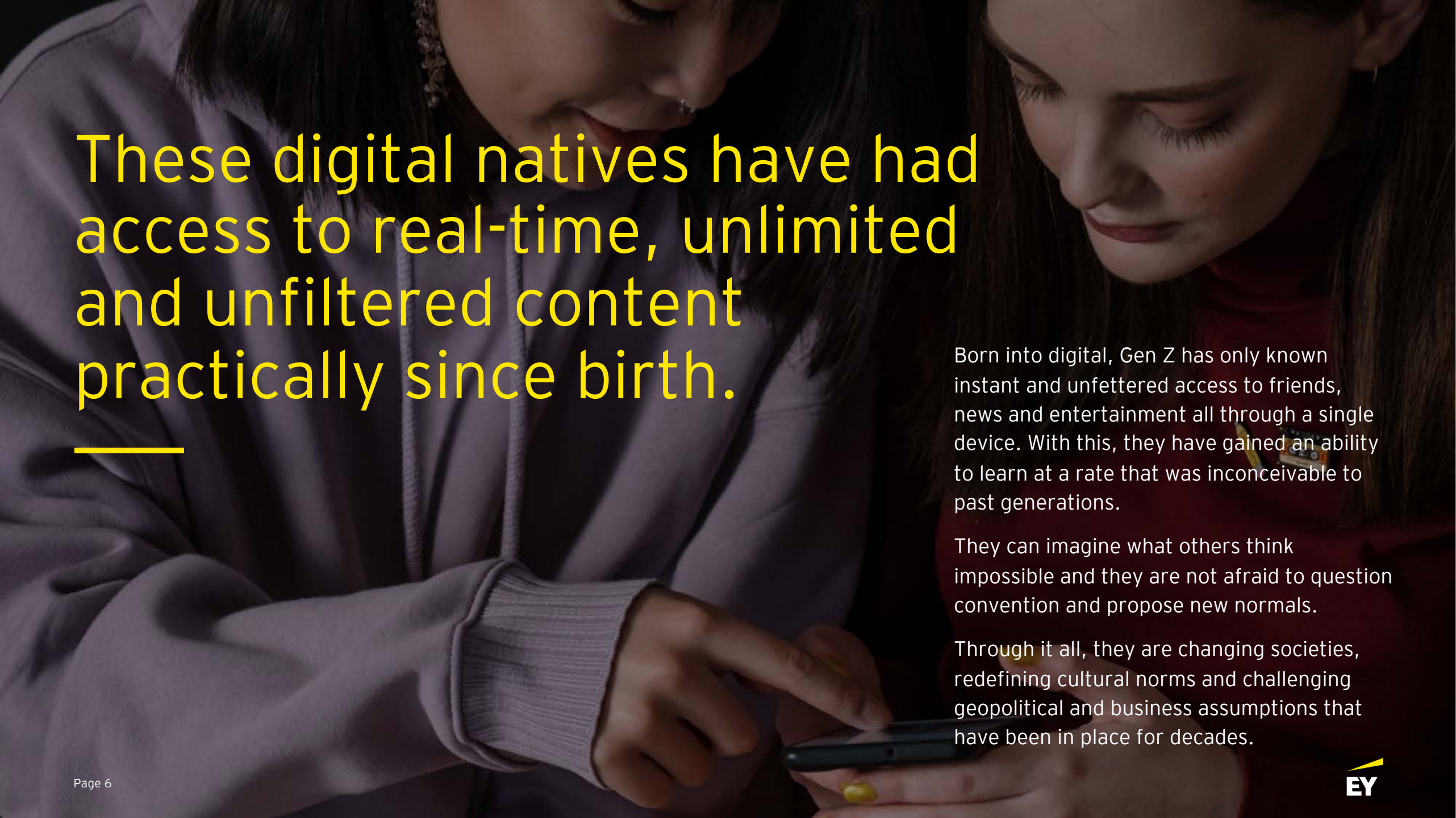
46.4 million

Gen Z born between 1997 and 2007 live in the U.S.

Source: US Census Bureau, [Annual Estimates of the Resident Population by Single Year of Age and Sex for the United States: April 1, 2010 to July 1, 2019](#)

Methodology

Ernst & Young LLP surveyed a representative sample of 1,509 members of Gen Z from across the United States. The online survey was completed between 24 March 2021 and 8 April 2021. To be considered a member of Generation Z, a person had to have been born between 1 January 1997 (age 24 in 2021) and 31 December 2007 (age 14 in 2021). The survey recruited 40% ages 14-17 and 60% ages 18-24.

A photograph of two young women, likely Gen Z, looking at a smartphone together. The woman on the left is wearing a light purple hoodie and has her finger on the screen. The woman on the right is wearing a red turtleneck and is holding the phone. The background is dark and out of focus.

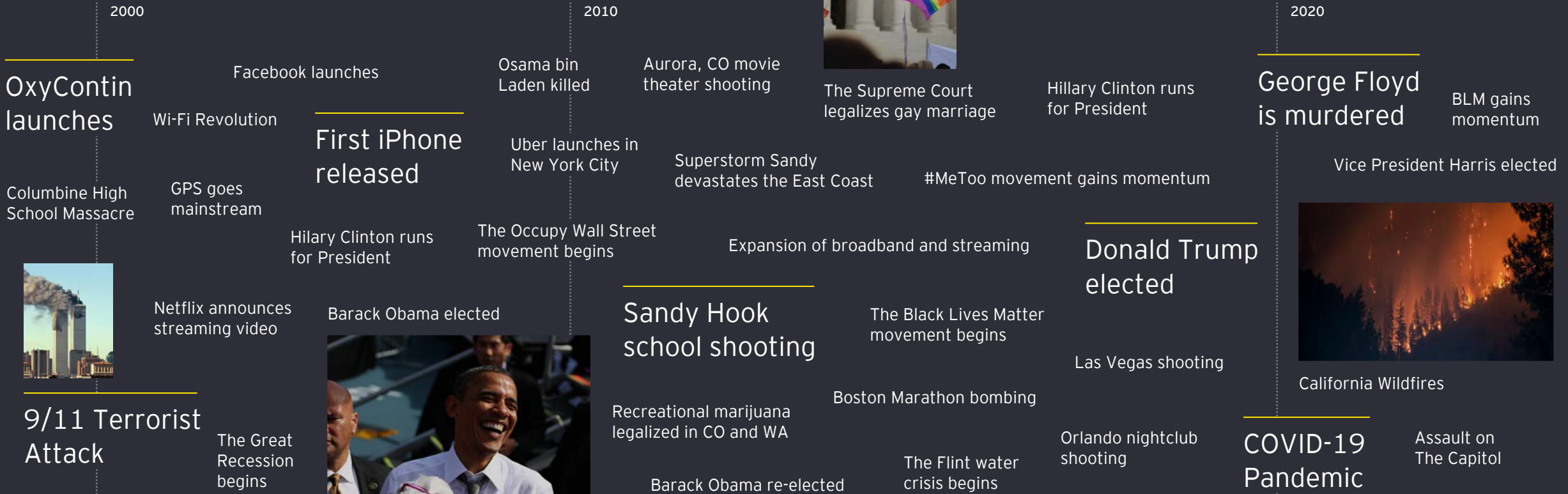
These digital natives have had access to real-time, unlimited and unfiltered content practically since birth.

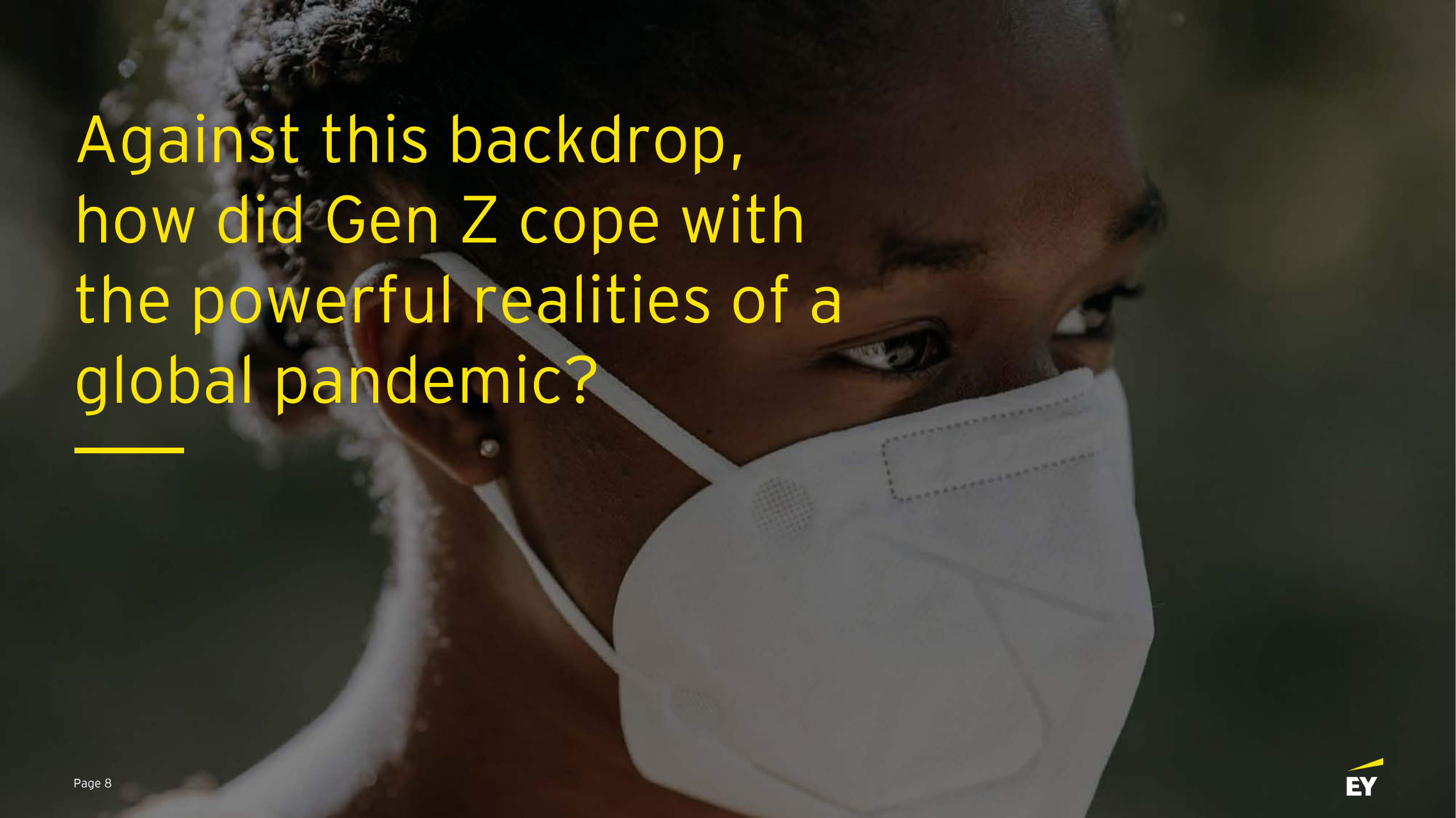
Born into digital, Gen Z has only known instant and unfettered access to friends, news and entertainment all through a single device. With this, they have gained an ability to learn at a rate that was inconceivable to past generations.

They can imagine what others think impossible and they are not afraid to question convention and propose new normals.

Through it all, they are changing societies, redefining cultural norms and challenging geopolitical and business assumptions that have been in place for decades.

Gen Z instantly experiences it all – for better or worse.





Against this backdrop,
how did Gen Z cope with
the powerful realities of a
global pandemic?

As the global pandemic raged, Gen Z experienced the realities of an economic, health, and social crises. Their response will define their generation.

69%

worried about running out of food.

Q: Since March 2020, how often did you worry that your food would run out before your household got money to buy more?

47%

of Gen Z know someone who was seriously ill or died from COVID-19.

Q: Do you personally know someone who was seriously ill or died from COVID-19, or do you not know anyone like that?

28%

either lost their job or had someone in their family lose a job.

Q: Did you or anyone in your family lose their job because of COVID-19's effects on the economy, or did that not happen?




The **global pandemic brought fundamental changes** to this generation, as they tried to come to grips with home schooling, lockdowns and social injustice.

It activated
their activism.

It challenged
their mental health.

It redefined how
they find meaning.



Trying to define Gen Z
defies the realities of Gen Z.
They are, by far, the most
diverse generation yet.

As we've seen with millennials, and every generation that preceded them, there is no single perspective that defines Gen Z. Instead, they're a generation full of plans, passions and paradoxes. Their diverse experiences and strong opinions will have a profound impact on society. And their time is now.

This study focused on engaging and recruiting an audience as diverse as the generation itself.

In the EY 2020 Gen Z Segmentation Study – published just before COVID-19 was declared a global pandemic – we identified five unique segments within Gen Z.

Just one year later, the pandemic has created measurable change among this generation's segments. **There is no longer tolerance for indifference and stress levels are rising across the board.**

Explore more details about each segment in our pre-pandemic report published in April 2020.

[Gen Z – A generation of contradiction](#) →

Gen Z segments



**Stressed
Strivers**

35% of Gen Z in 2021



**Authentic
Activists**

22% of Gen Z in 2021



**Big
Dreamers**

18% of Gen Z in 2021



**Secluded
Perfectionists**

20% of Gen Z in 2021

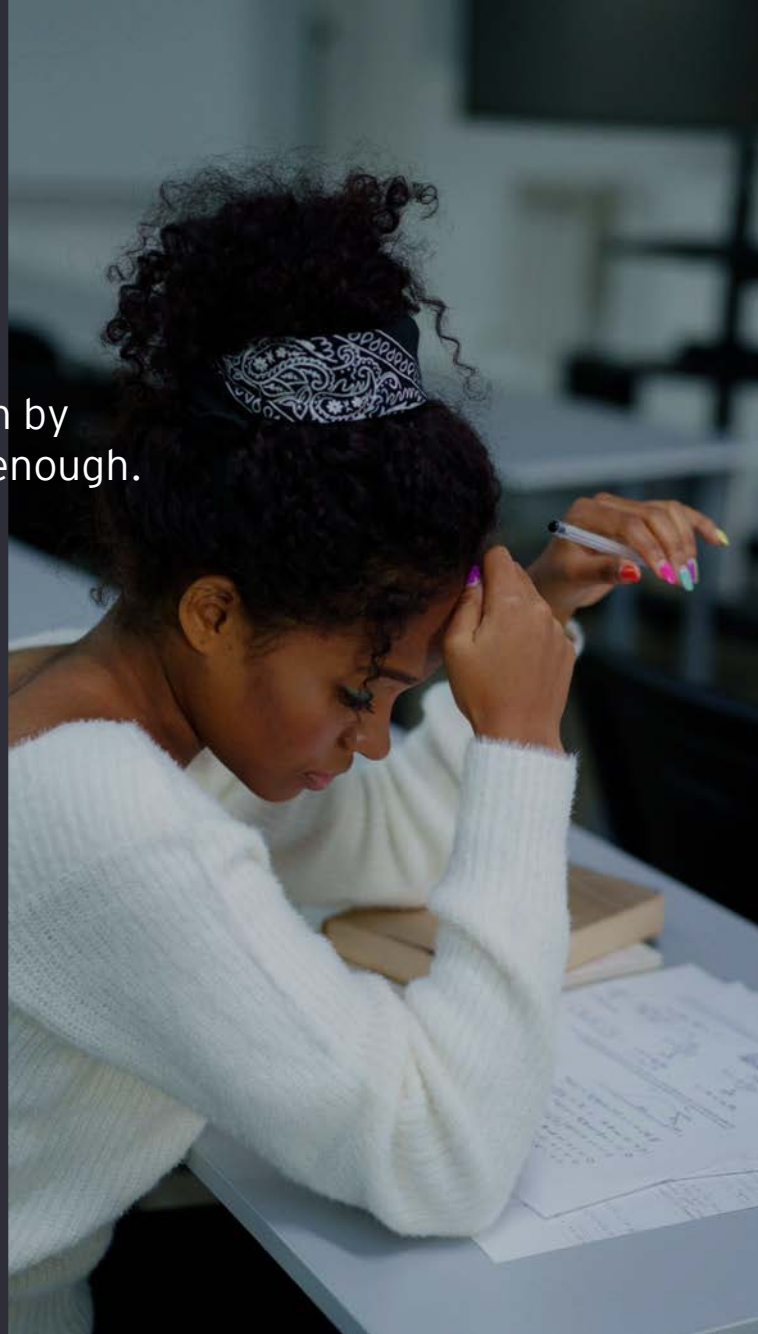


**Carefree
Constituents**

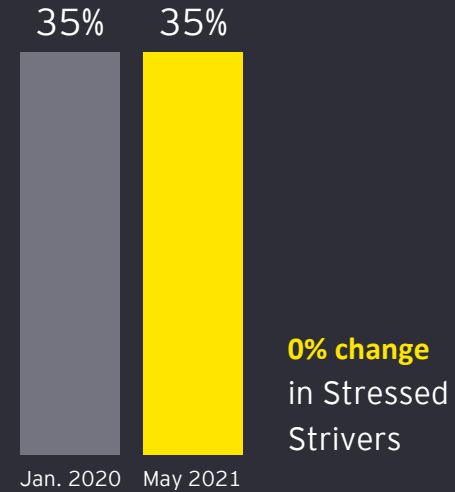
5% of Gen Z in 2021

Stressed Strivers

are high achievers, driven by a fear of not being good enough.








Gen Z Segment Pandemic Shift



Stressed Strivers became more stressed (along with the other segments), but their size remained the **same** as pre-pandemic

Gen Z Segments

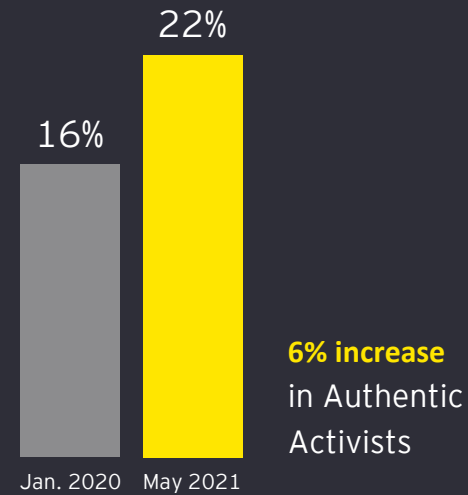
-  Stressed Strivers
-  Authentic Activists
-  Big Dreamers
-  Secluded Perfectionists
-  Carefree Constituents

Authentic Activists

are motivated by the obligation to save the world—and the fear of what will happen if they don't.








Gen Z Segment Pandemic Shift



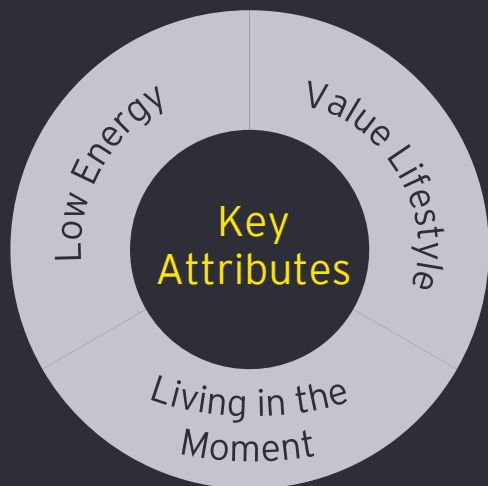
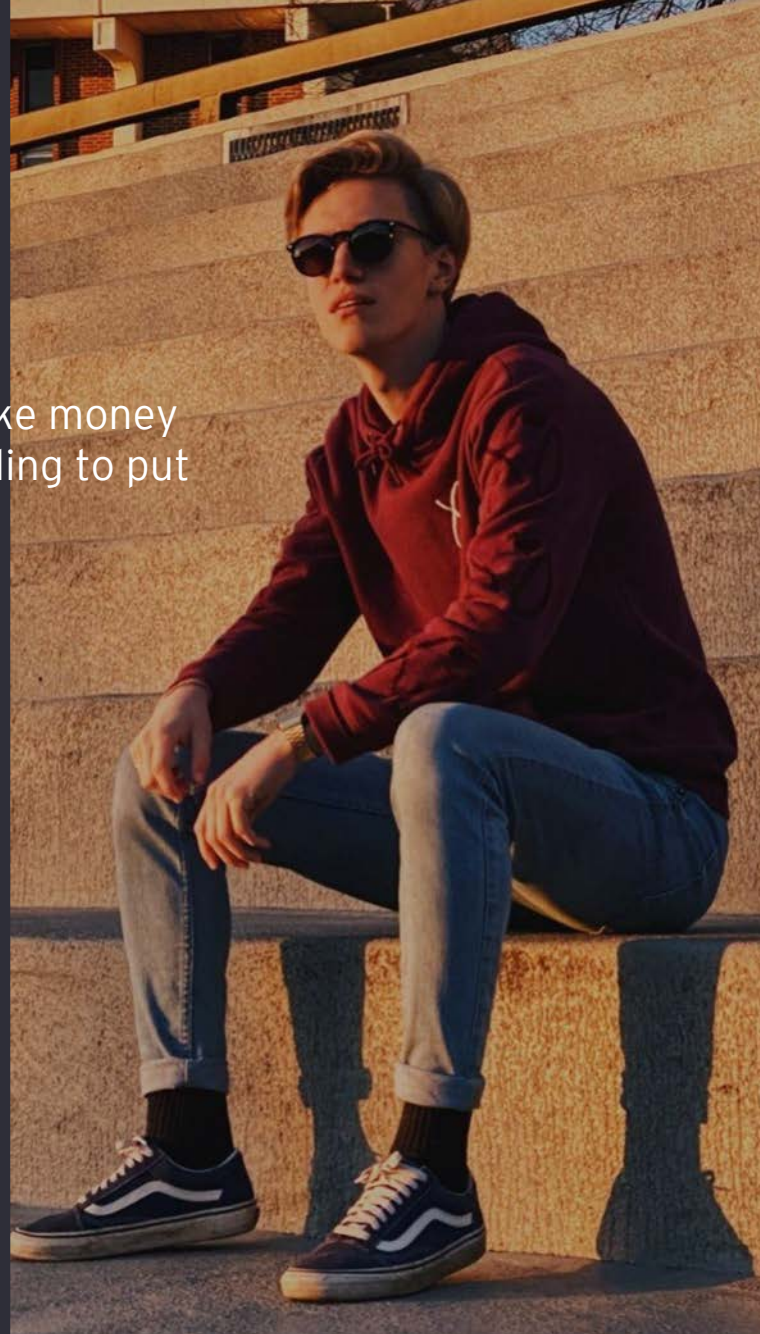
Authentic Activists **grew** during this period as it became even more important that people and organizations stand up for what they believe in.

Gen Z Segments

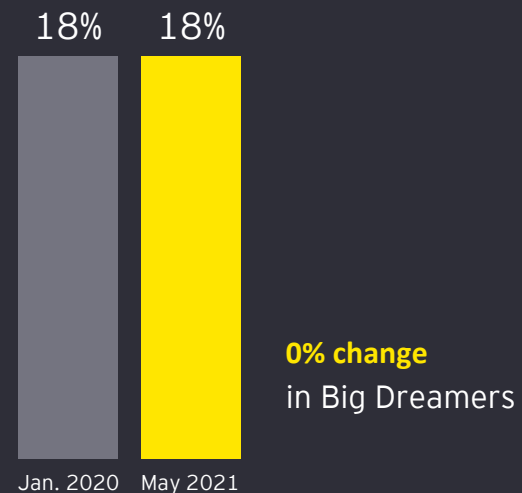
-  Stressed Strivers
-  Authentic Activists
-  Big Dreamers
-  Secluded Perfectionists
-  Carefree Constituents

Big Dreamers

expect to do well and make money but aren't necessarily willing to put in the effort.








Gen Z Segment Pandemic Shift



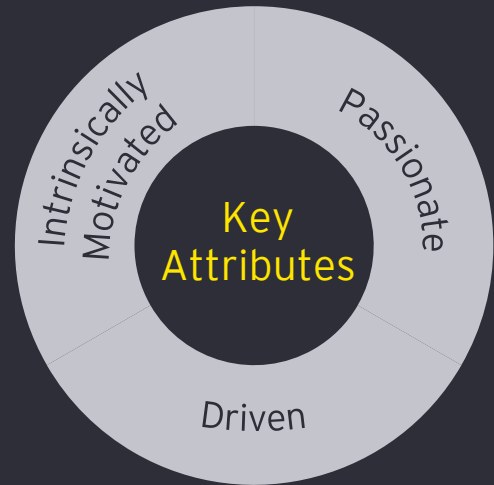
Big Dreamers dreams may have shifted, but their size remained the **same** as pre-pandemic.

Gen Z Segments

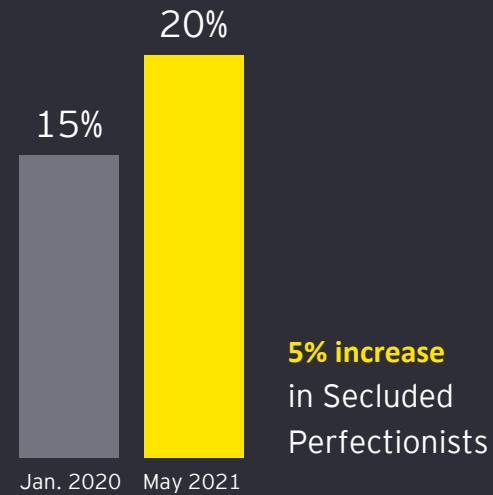
-  Stressed Strivers
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-  Big Dreamers
-  Secluded Perfectionists
-  Carefree Constituents

Secluded Perfectionists

are focused on loving what they do and being the best, not the money or accolades.








Gen Z Segment Pandemic Shift



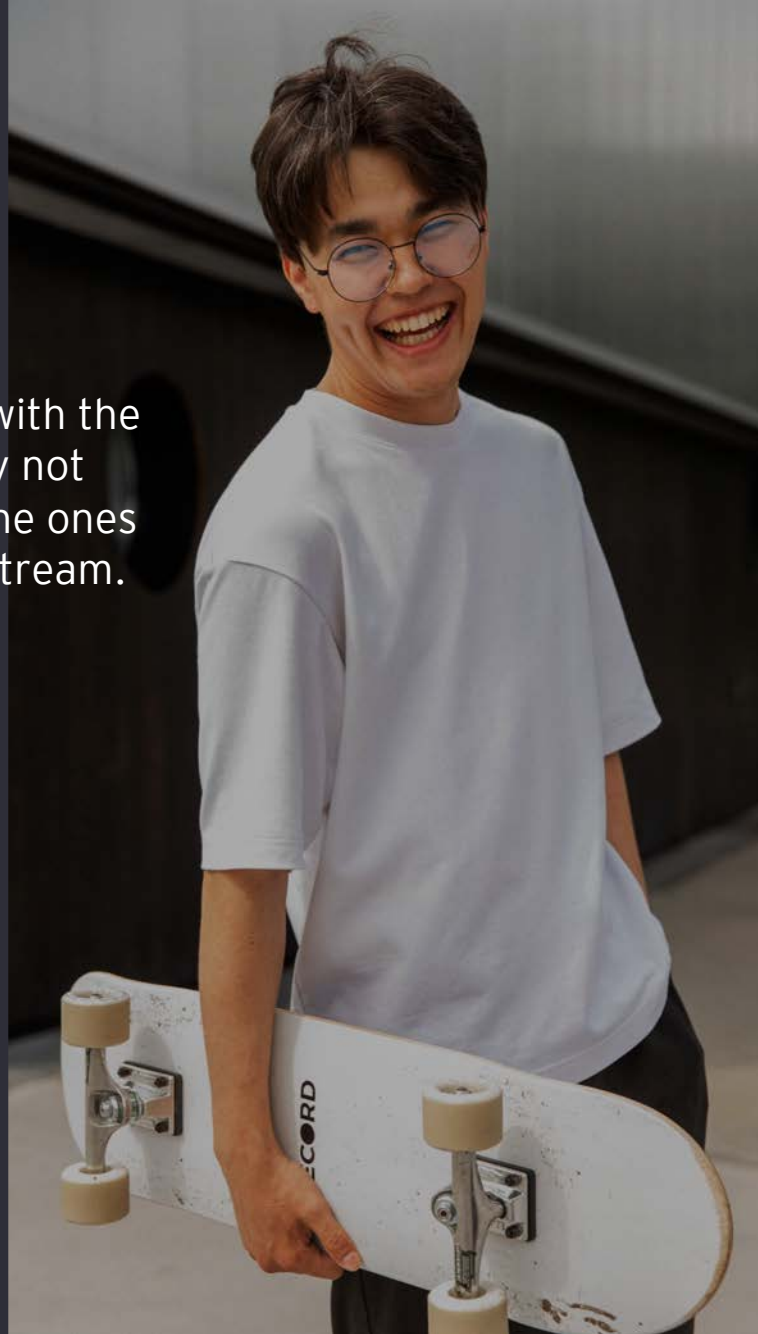
The **rise** in Secluded Perfectionists comes after individuals gained the opportunity to do more on their own—and thrived.

Gen Z Segments

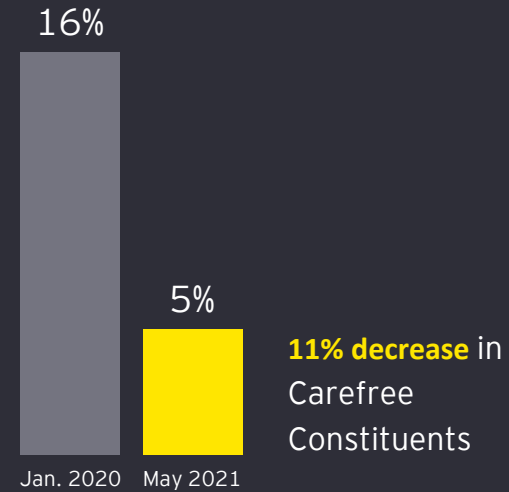
-  Stressed Strivers
-  Authentic Activists
-  Big Dreamers
-  Secluded Perfectionists
-  Carefree Constituents

Carefree Constituents

are the definition of “go with the flow,” and while they may not drive change, they’ll be the ones to adopt it into the mainstream.








Gen Z Segment Pandemic Shift



Carefree Constituents, typically the fast followers when it comes to adopting change, saw a **sharp decline** over the course of the year as “take a stand” attitudes became the norm.

Gen Z Segments

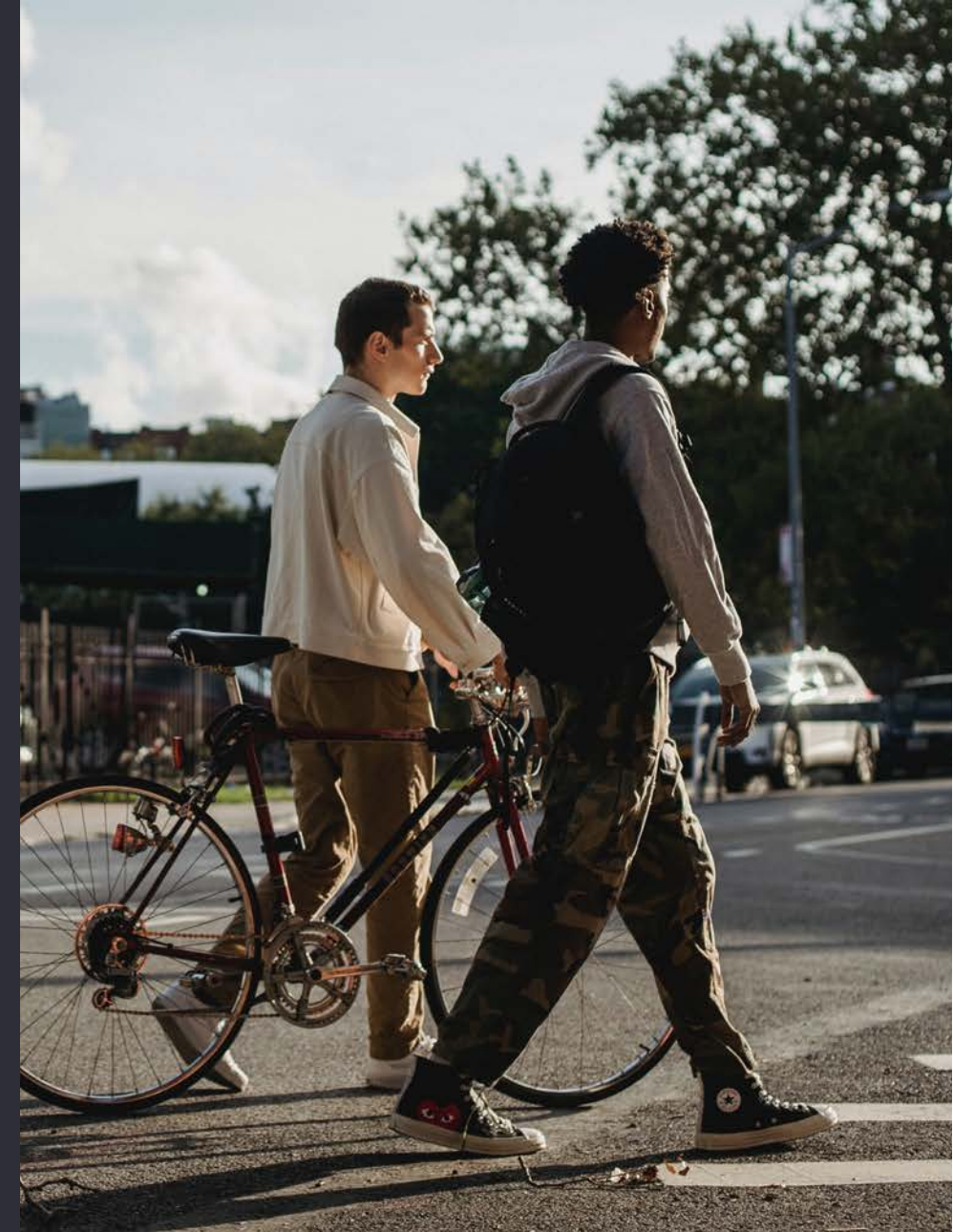
-  Stressed Strivers
-  Authentic Activists
-  Big Dreamers
-  Secluded Perfectionists
-  Carefree Constituents

Every generation has a defining moment.

For Gen Z, that moment came in 2020 as they faced the worst health crisis the world has ever seen. Just as it was Gen Z's time to take on the world, the world changed.

The global pandemic challenged every single one of their assumptions. They grappled with mental health challenges, tried to become better allies in the name of social justice and sifted through uncertainty to reimagine their purpose.

So, how did this moment define Gen Z? **It didn't. Gen Z redefined the moment. See how.**





It activated their activism.

Gen Z is strongly associated with activism. While some segments are more politically active than others, the top issues of climate change, racism, gun violence, and drugs and addiction unite all five segments.

It challenged their mental health.

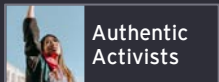
It redefined how they find meaning.

Gen Z have become more politically active in the past year.

They're ready to stand up, speak out and support causes they believe in.

In 2020, Americans had the time, space, and conditions to form a response to social injustice like nothing we have seen before.

More likely than others to have been politically active



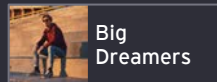
Authentic Activists

Female

Less likely than others to have been politically active



Secluded Perfectionists



Big Dreamers

36%

In 2020, 36% of Gen Z participated in a political rally or protest or signed a petition for a cause they agree with—a 9% increase from before the pandemic.

Q: Have you ever participated in a political rally or protest, signed a petition for a cause you agree with, or supported a political movement, or have you never done any of those things? n=1,509

Gen Z sees a world on fire.

And these pragmatists are inclined to answer the bell. They recognize there's no guarantee that their efforts will have the intended outcome. Yet they still persevere to secure a future for themselves and those that follow.

Most confident that progress will be made regarding...

Extremely, very, or moderately confident

Threats to LGBTQ+ rights n=75	85%
Gender inequality n=60	80%
Drug abuse & addiction n=136	70%
Climate Change n=241	70%
Racism n=347	70%

Gender inequality will improve by 2030

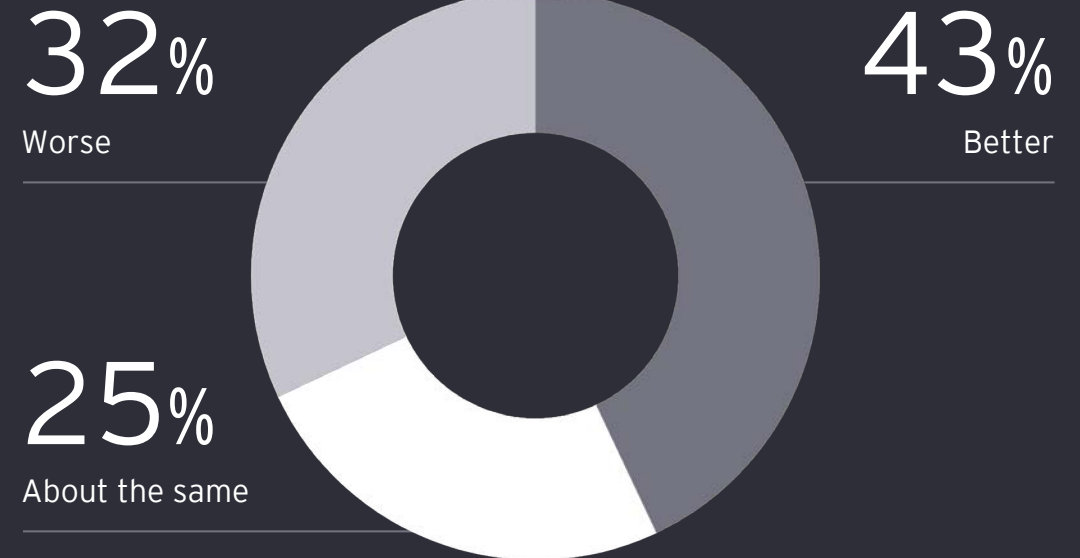
Extremely or very confident n=60

Female	29%
Male	70%

Gen Z males are more confident that gender inequality will improve than females.

Q: How confident are you that significant progress will be made on [PIPE MOST IMPORTANT ISSUE] by 2030? n=1,448

Life for future generations will be...



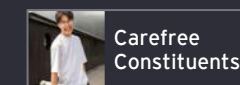
Q: Overall, do you think life for future generations of Americans will be better than life today, worse than life today, or about the same as life today? n=1,509

More likely than others to think life for future generations will be better than life today



Younger Gen Z

Less likely than others to think life for future generations will be better than life today



What are the existential crises that unite such a diverse generation?

They are united in what they see as the issues of our time.

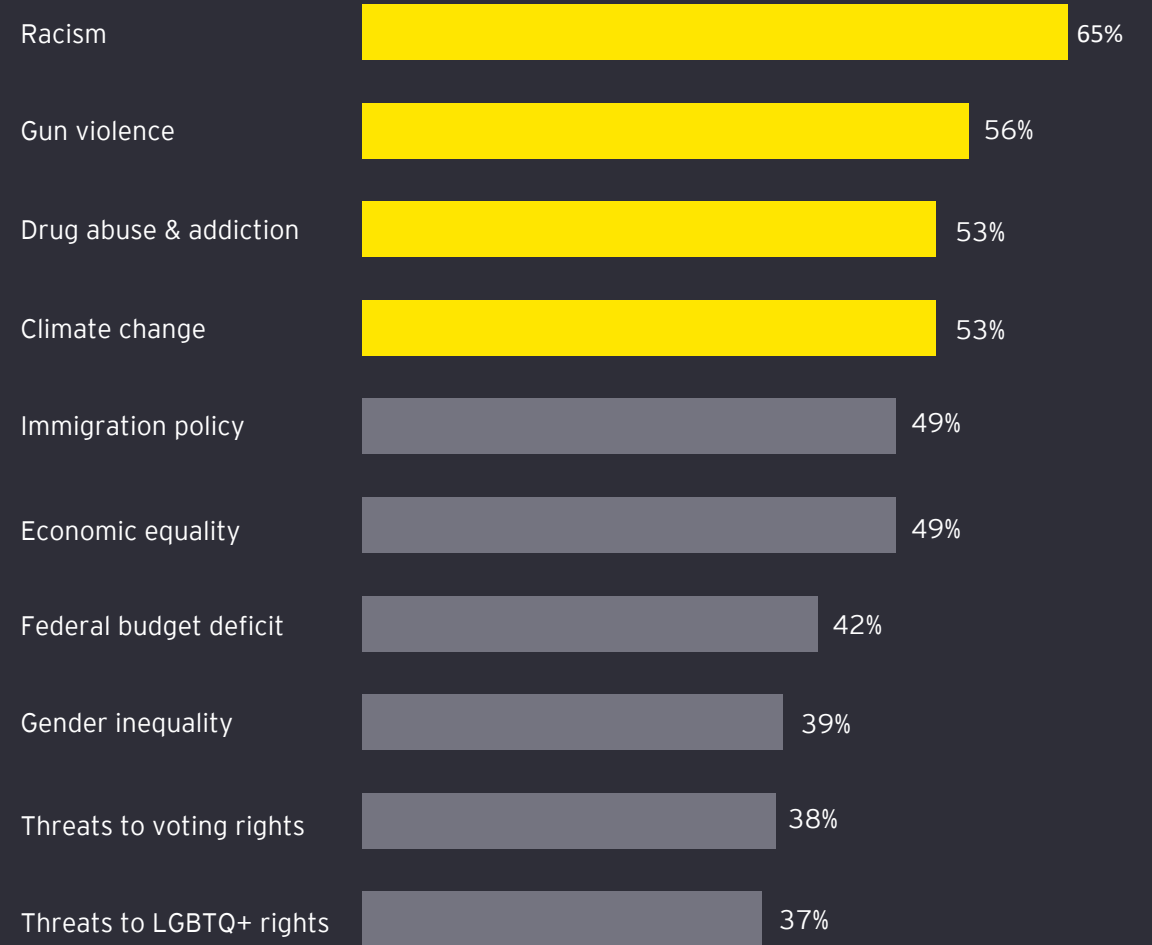
This generation wants to make changes for their families, friends, and communities – not just today, but for generations to come.

All segments ranked racism and climate change as a Top 3 issue



Gun violence was also a Top 3 issue for all groups except for Carefree Constituents.

Percentage of Gen Z who see each issue as a large problem

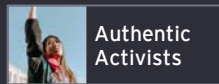


Q: In your opinion, how much of a problem is each of the following issues in the country today? Not a problem at all; Small problem; Medium-sized problem; Large problem Average n=1,505

They see climate change as an existential threat...

Gen Z has little doubt that climate change exists and is a problem. 81% agree climate change is a medium or large problem.

More likely than others to feel worried about the environment or climate change



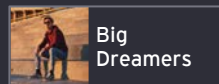
Authentic Activists

Liberal

Older Gen Z

LGBTQ+

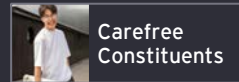
Less likely than others to feel worried about the environment or climate change



Big Dreamers



Secluded Perfectionists



Carefree Constituents

55%

55% of Gen Z said they were very or extremely interested in environmental issues – up from only 40% pre-pandemic.

Q: In your opinion, how much of a problem is each of the following issues in the country today? Average n=1,505

Q: In general, how interested are you in environmental issues? n=1,508

...and their actions back it up.

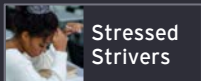
Gen Z feels a moral obligation to step up and create change. Gen Z is doing more than voicing their opinion. They are taking action, putting their money and time where their mouth is to make a difference.

Go deeper on this topic

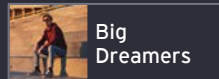
[Why sustainability might be the key to long-term success for consumer companies](#) →

More likely than others to say they would like to do more to protect the environment.

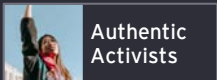
Less likely than others to say they would like to do more to protect the environment.



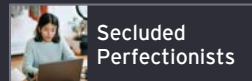
Stressed Strivers



Big Dreamers

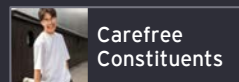


Authentic Activists



Secluded Perfectionists

Liberal LGBTQ+



Carefree Constituents

Moderate

71%

of Gen Z reported buying or having someone buy for them at least one used or pre-owned clothing item since March 2020.

Q: Since March 2020, what percentage of the clothes that you bought (or were bought for you) were used or pre-owned? n=1,507

61%

of Gen Z recycle regularly.

Q: When you are at home, how often do you sort glass, cans, plastic, or papers for recycling? n=1,509

61%

also want to do more to protect the environment. This desire is greatest among Authentic Activists and Stressed Strivers.

Q: How well does the following statement describe you? I would like to do more to protect the environment. n=1,509

57%

think it is very or extremely important to buy from brands that protect and preserve the environment.

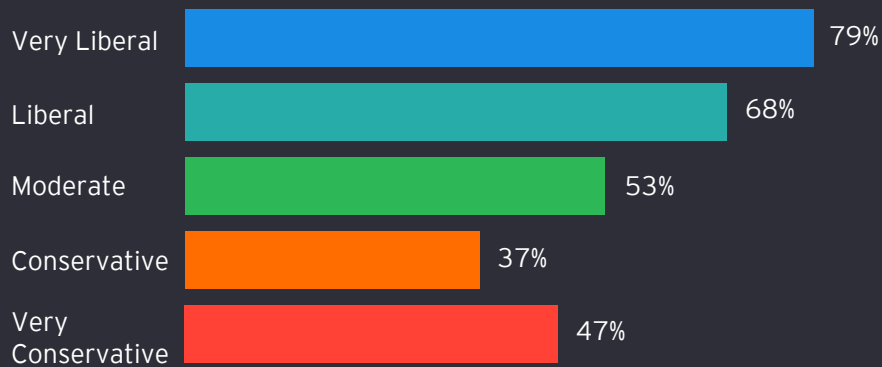
Q: How important do you think it is to buy from brands that show they are taking action to protect and preserve the environment? n=1,509

Gen Z activism is front and center!

They want to be allies in the face of racial and social injustice. They are living through the crippling effects of addiction. They see gun violence as a problem with no clear solution.

Gun Violence

Gen Z who think gun violence is a large problem by political orientation



Q: In your opinion, how much of a problem is each of the following issues in the country today? [Gun Violence; Large Problem] n=845

Racism

85%

of Gen Z agree racism is a significant issue, and a further 23% ranked it as their top issue.

Q: In your opinion, how much of a problem is each of the following issues in the country today? [Racism, Large & Medium problem] Average n=1,505
 Q: Which of the following issues is MOST important to you? n=1,509

Addiction

50%

of Gen Zs reported that at least one person they know has been told they are addicted to or have a problem with drugs and alcohol.

Source: American Psychological Association (2018). Stress in America: Generation Z. Stress in America™ Survey

Implications

You can no longer have just one foot in – it's time to act and create the fair, diverse organizations that Gen Z not only expects, but demands.

Look how vocal they've been with climate change and racism. And they're just getting started. They are about to do the same thing with gun violence, drug abuse, and addiction.

Go deeper on this topic

[The dawn of a new era: How insights from Gen Z define a new normal for today's leaders](#) →

Companies must proactively define what real progress looks like and follow that up with real actions. Nearly $\frac{2}{3}$ of Gen Z look for businesses with a genuine commitment to their values – and increasingly find that important in their employer. This will also ring true of the brands they will choose to support and the experiences to which they will devote their time.

Share of Gen Z who say it's extremely or very important for employers to share their values by segment

Authentic Activists
75%



Big Dreamers
51%



Secluded Perfectionists
60%



Stressed Strivers
71%

Carefree Constituents
17%

Q: How important is it to you to work for an employer that shares your values? n=1,509



It activated their activism.



It challenged their mental health.

Stress, anxiety, and depression are increasing at alarming rates among Gen Z – especially after the pandemic. While they're likely to seek help, there is still more to do to combat and treat this unseen epidemic.

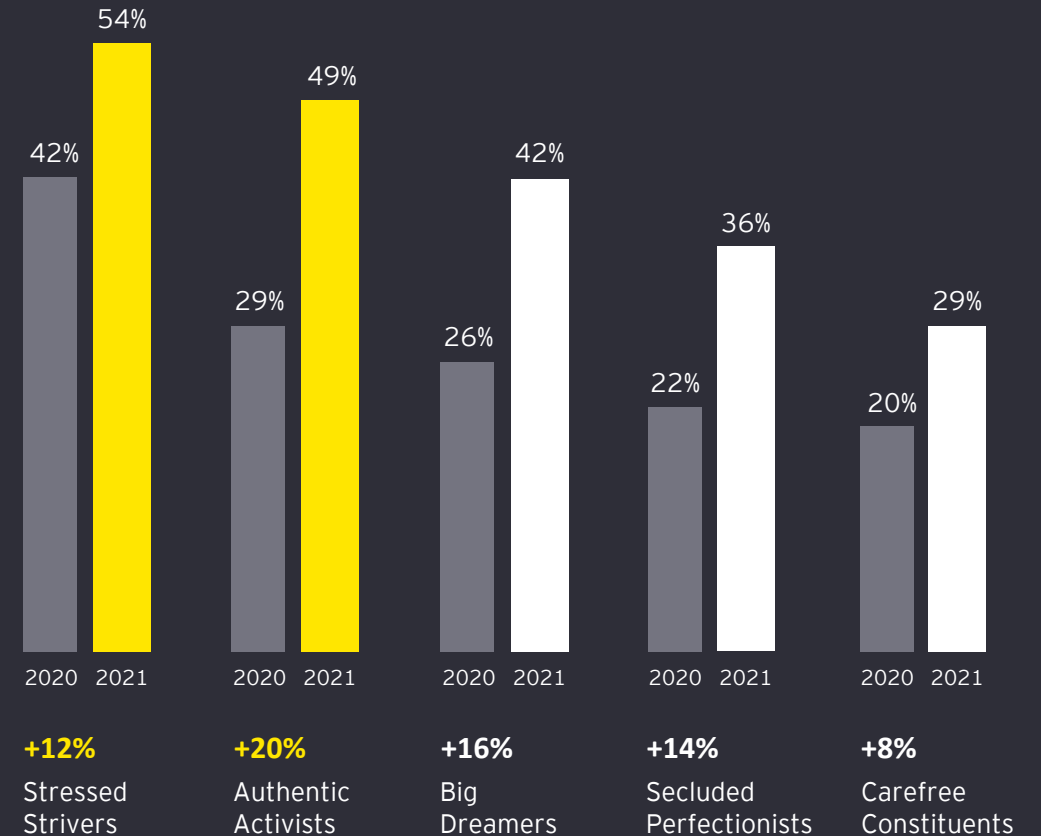


It redefined how they find meaning.

Mental health was a big concern for Gen Z before the pandemic. Now those concerns are approaching crisis.

While all segments saw increases, Authentic Activists had the greatest jump. Stressed Strivers are feeling the pressure more than ever.

Percentage of Gen Z who feel very or extremely worried by segment before and after the pandemic



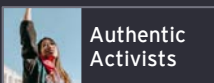
Q: How stressed or worried do you feel about each of the following? 2021 n=1,509 | 2020 n=2,054

Gen Z has been affected more than any other generation in the last year.

According to the American Psychological Association, 1 in 3 Gen Z said that their mental health was worse in 2020 than in 2019 – which was the greatest increase of all generations.

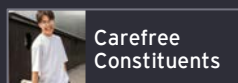
Source: American Psychological Association (2020). [Stress in America™ 2020: A National Mental Health Crisis.](#)

More likely to say they felt anxious or depressed during COVID



Authentic Activists

Less likely to say they felt anxious or depressed during COVID



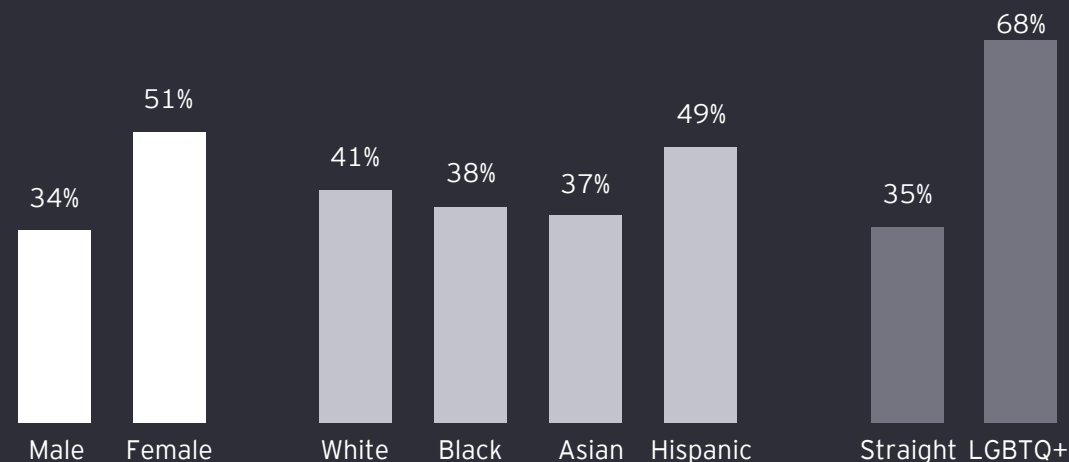
Carefree Constituents

42%

usually or always felt anxious or depressed during COVID

Q: Since March 2020, how often did you feel anxious or depressed? n=1,509

Trends among Gen Z demographics that usually or always felt anxious or depressed during COVID



Q: Since March 2020, how often did you feel anxious or depressed? n=1,509

We can't ignore mental health challenges and expect improvement.

The proportion of mental health-related ER visits for children aged 12-17 years increased approximately 31% in 2020 from the previous year.^[1]

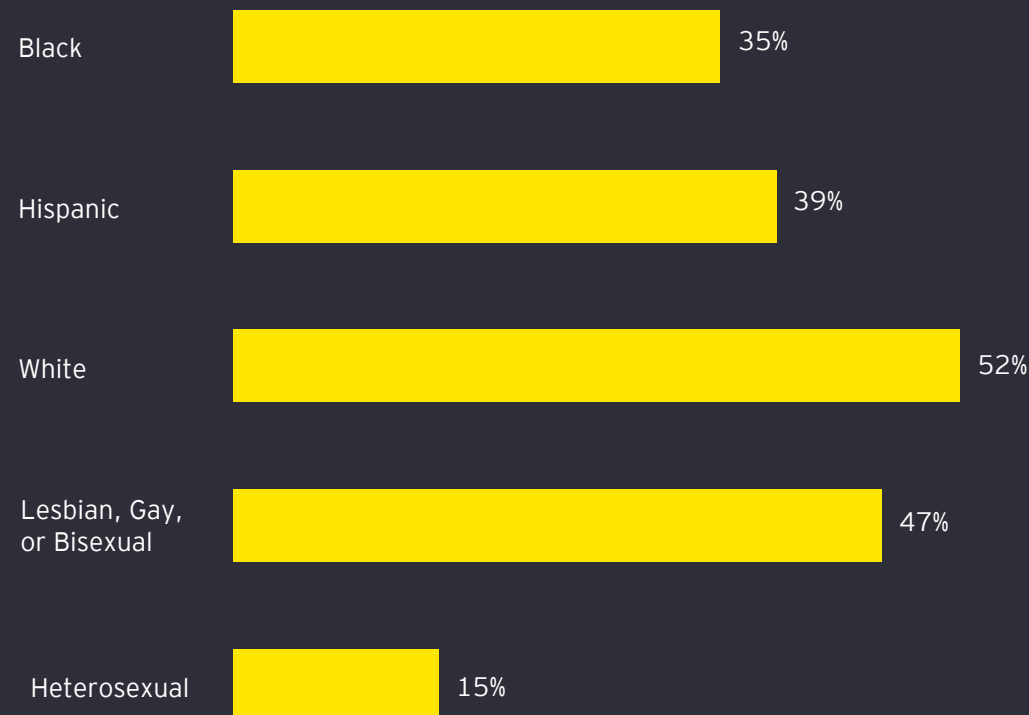
Rates of suicidal ideation are highest among youth, especially LGBTQ+ youth. In September 2020, Mental Health America found over half of 11- to 17-year-olds reported having thoughts of suicide or self-harm more than half or nearly every day of the previous two weeks.^[2]

[1] CDC, [Mental Health-Related Emergency Department Visits Among Children Aged <18 Years During the COVID-19 Pandemic – United States, January 1–October 17, 2020](#). Nov 13, 2020

[2] Mental Health America, [The State Of Mental Health In America](#). 2021

Percentage of US high school students who have seriously considered attempting suicide, as of 2019 By ethnicity and sexual identity

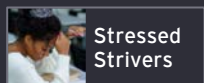
Source: CDC, [Youth Risk Behavior Surveillance - United States 2019](#), August 2020



However, Gen Z is self-aware and looks for support more than prior generations.

Even still there are giant red flags with those that are still not seeking help with mental health issues. Particularly for Gen Z that are in groups like ethnic minorities and those within the LGBTQ+ community.

More likely to say they got the socio-emotional support they needed



Stressed Strivers

Conservative

White

Less likely to say they got the socio-emotional support they needed



Carefree Constituents

LGBTQ+

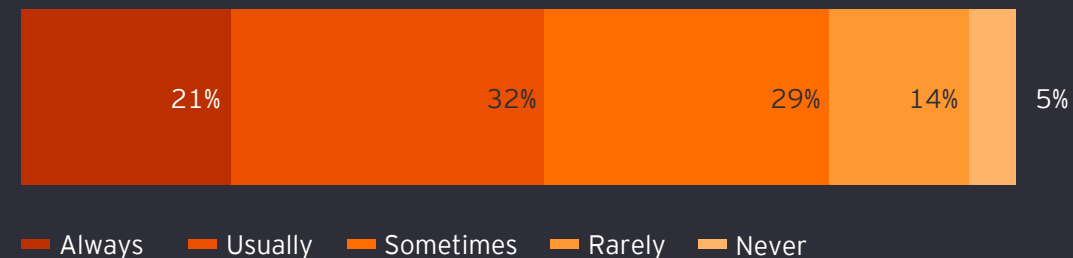
Asian American/Pacific Islander

Urban



Big Dreamers

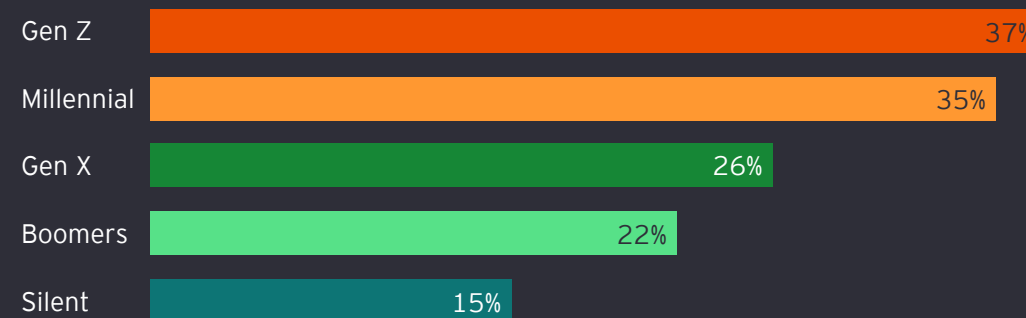
How often did you get the social and emotional support you need?



Q: Since March 2020, how often did you get the social and emotional support you need? n=1,509

Percentage that have received treatment or gone to therapy by generation

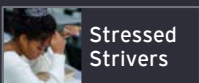
Source: American Psychological Association (2018). Stress in America: Generation Z. Stress in America™ Survey



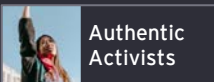
And they are looking for ways to minimize the sources of stress, with 1 in 3 Gen Z taking a break from social media.

Gen Z aren't just aware that they need a break, they are willing and likely to take it (however long it may be).

More likely than others to take a social media break.



Stressed Strivers



Authentic Activists

LGBTQ+

Less likely than others to take a social media break.



Secluded Perfectionists

Conservative

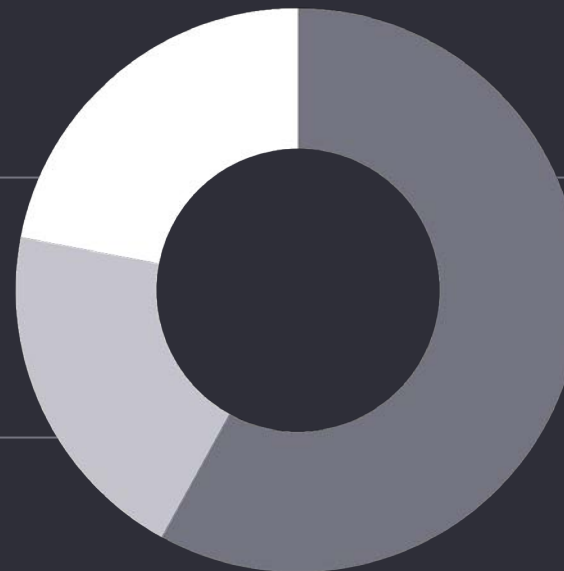
Southern States

Length of social media breaks

20%
1-6 days

22%
A week or more

58%
Less than a day



1/2 day median length of the social media break

9 days average length of the social media break

Q: Since March 2020, did you ever take a break from social media, or did that not happen? n=1,463

Q: Think about all of the breaks you took from social media since March 2020. How long was your typical break from social media? Please answer in hours, days, or weeks. n=446

And using social media for different purposes than older generations. Gen Z use social media as a tool for connection.

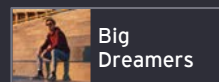
Instead of using social media for projecting, a majority use it to communicate. About 2/3 of Gen Zs say their relationships with friends have actually become stronger or haven't changed over COVID.

Only Big Dreamers use social media similarly to other generations – projecting versus connecting. Because of this, social listening for Gen Z will likely only capture a smaller segment of the generation.

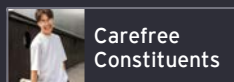
More likely than others to use social media more often with friends

Younger Gen Zs

Less likely than others to use social media more often with friends



Big Dreamers



Carefree Constituents

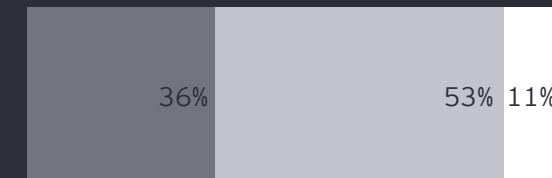
Older Gen Zs

74%

In 2020, 74% of Gen Z said they used social media apps to **communicate more often** with their friends.

Q: Since March 2020, have you used social media like [PIPE RESPONSES FROM PREVIOUS QUESTION] to communicate with friends... n=1,463

Attitudes toward social media



Positive Both negative and positive Negative

Q: Overall, do you feel positive toward social media, negative toward social media, or both positive and negative toward social media? n=1,463

Implications

Mental health is physical health.

This is a generation that has been raised in an era where there is an open discussion about mental health. With rising stress levels and the stigma around mental health subsiding, employers will do more than just encouraging taking time off or promoting positive cultures. Holistic mental health will address mind, body and spiritual wellness, and will need to inhabit how Gen Z feels, not just how they look.

We anticipate organizations being more vocal about their specific efforts to support the mental health needs of their people, as it will become a key element of any recruiting or retention effort.



It activated their activism.



It challenged their mental health.



It redefined how they find meaning.

Gen Z aren't beholden to society's cookie-cutter expectations. Their desire for authenticity and pragmatic outlook mean their paths to finding meaning—through work and family—look different.

Authenticity is most important value for Gen Z – even beyond future plans and being rich.

The vast majority of Gen Z reported that authenticity is more important than any other personal value tested, including: spending time on things that will help their futures, independence, changing the world, and being rich or famous.

Gen Z isn't looking for "picture perfect."

They embrace quirks and flaws. Just look at the recent beauty trends – instead of cosmetics, they're focusing more on skincare and perfecting that no makeup look.

92%

92% of Gen Z respondents indicated that being authentic and true to oneself is extremely or very important. Those reporting it being extremely important **increased 16 percentage points from pre-pandemic levels.**

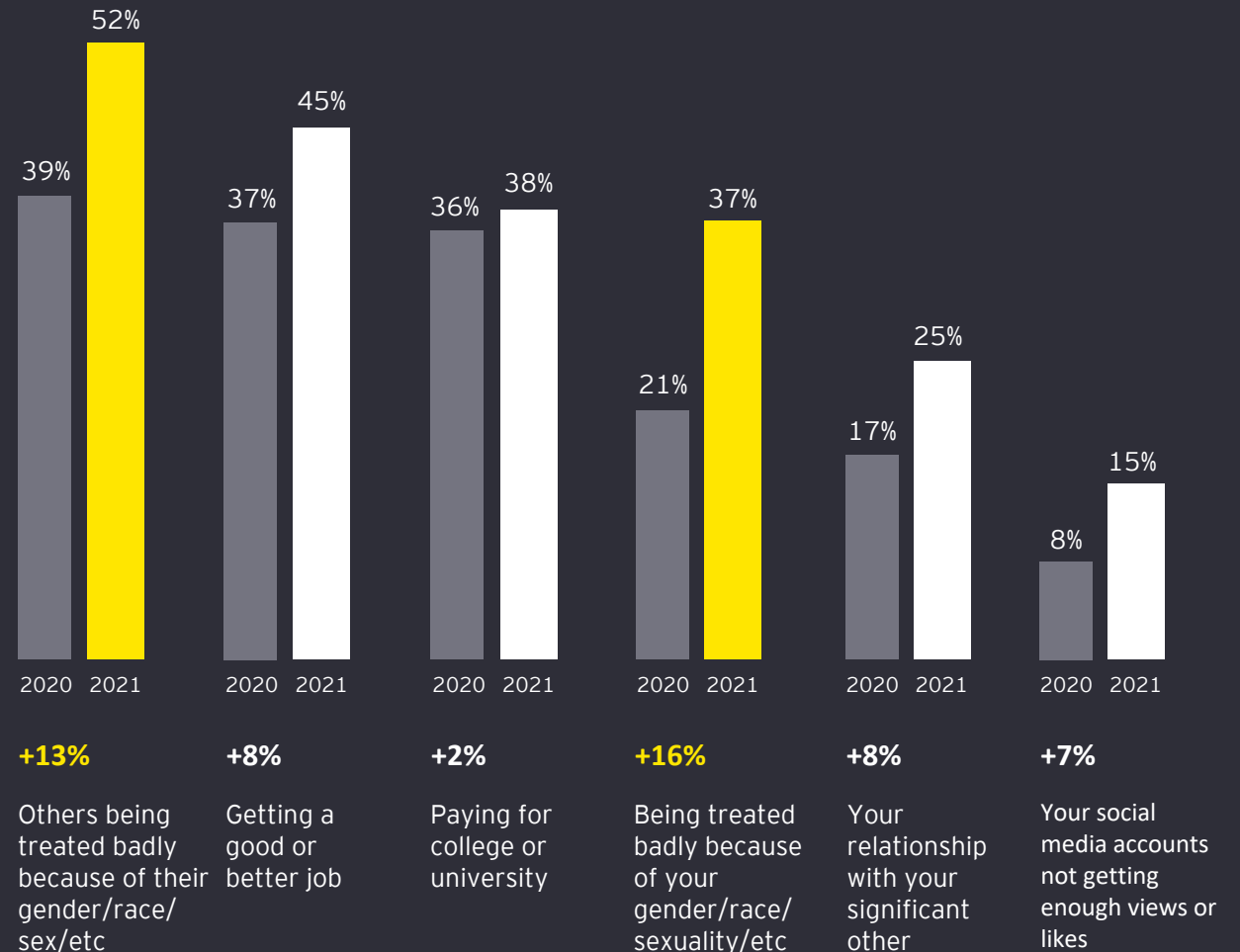
Q: How important do you think it is to... [Be authentic, true to yourself] n=1,509

Gen Z values extend beyond themselves. They want everyone to be empowered to be their authentic selves.

More than half of Gen Z are **more worried about others being treated badly than nearly every other topic surveyed** – including getting a good job, paying for college, discrimination toward themselves, or their own relationships with significant others.

Q: How stressed or worried do you feel about each of the following? [Extremely or very worried]
Average 2021 n=1,509 | 2020 n=2,054

What Gen Z is stressed about, pre- and post-pandemic

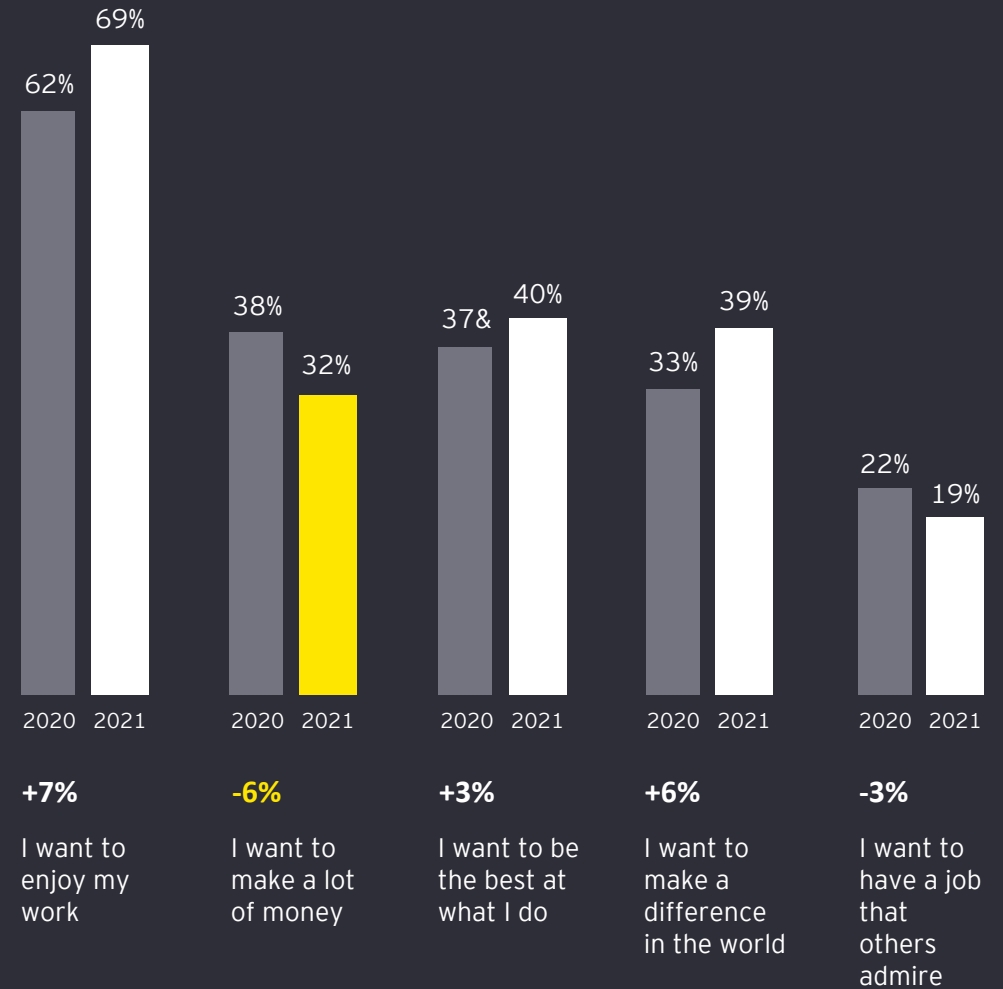


After 2020, Gen Z are more concerned with having a fulfilling career than on making a lot of money.

Notably, since our last report, Gen Z places less importance on **making a lot of money** in their career (32% vs 38%). They are also more inclined to **want to make a difference in the world** (39% vs 33%), and will seek employment where their contributions are valued.

Q: What is most important to you in a future job or career? Please rank EACH of the following statements with 1 being the most important to you in a future job or career, 2 being the next most important, and so on. 2021 n=1,509 | 2020 n=2,054

Shift in work priorities before and after the pandemic



Entrepreneurism is on the rise!

The pandemic showed an increase in entrepreneurial interest. While it's too early to predict why this increased, there are several possible reasons.

Starting or owning your own business could be viewed as more secure given their exposure to the record-setting job losses seen during the pandemic. It could also be because of the control it gives them to align their work with their values. It's important to note that although entrepreneurship is on the rise, it's not equally distributed across gender. **Female respondents were less likely than male respondents to say they're interested in entrepreneurship.**

45%

of Gen Z report being very or extremely likely to start their own business.

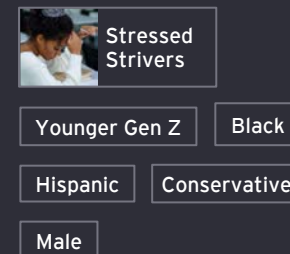
Q: How likely are you to start your own business someday? n=1,509

44%

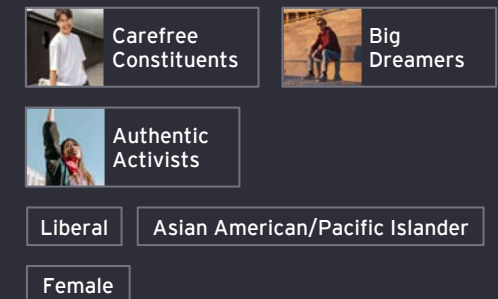
of Gen Z say they are more interested in entrepreneurship now than before the pandemic.

Q: Since March 2020, have you become more interested in the idea of starting your own business, less interested in the idea of starting your own business, or did your interest remain about the same? n=1,509

More likely than others to say they'll start their own business.



Less likely than others to say they'll start their own business.



How they prepare for work will look different, too.

They've been told that the job they'll have in the future is ever-changing and might not exist yet.

That colleges aren't properly preparing them for the workforce. That they're expected to always be learning—which is partly why Stressed Strivers are striving. Gen Z's combination of pragmatism and authenticity means they're going to choose the path that is best for them—not the one society expects.

Go deeper on this topic

[What businesses and Gen Z have to offer each other](#) →

59%

Ranked **more learning opportunities focused on real-life work** as the top way to improve the education system.

The education system would be improved with more learning opportunities focused on

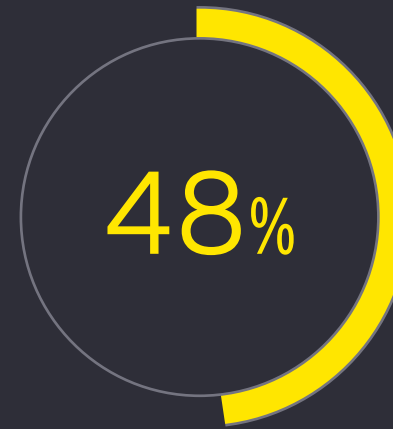
Real-life work	59%
Professional mentorship	57%
Projects	52%
Research	51%
Community service	50%
Entrepreneurship	47%
Collaboration	36%
Field trips	35%
Student teaching	28%
Lectures	20%

Source: World Economic Forum and EY, [What businesses and Gen Z have to offer each other](#), June 10, 2021

While Gen Z focuses on work, less than half say getting married or having children is very or extremely important.

Societal norms are continuing to shift when it comes to family planning. Fewer are intending to be married and have children. Those who plan to do so are expecting these events later in life – with the median age for marriage at 27 and having children at 30. Planning for marriage and children are no longer just female issues either – males and females reported the same level of intent.

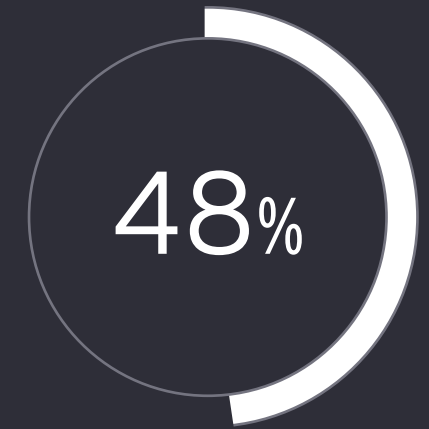
It is very or extremely important to get married someday



Q: How important is it to you to get married someday? n=1,469; the 3% who are already married are excluded from this analysis

Q: At what age would you most like to get married? If you do not ever want to get married, do not enter anything into the box below; instead, just continue to the next question. n=1,297; the 3% who are already married are excluded from this analysis

It is very or extremely important to have children someday



Q: How important is it to you to have children someday? n=1,457; the 3% who already have children are excluded from this analysis

Q: At what age would you most like to have children? If you do not ever want to have children, do not enter anything into the box below; instead, just continue to the next question. n=1,209; the 3% who already have children are excluded from this analysis

They are intentional in their consumer habits.

Repurposing with purpose

You can commit to sustainability by lowering wasteful consumption – and do it without spending more. Look at the growth of the resale market.

Second-hand market to double in the next five years to **\$77B in 2026**. This is largely attributed to the pandemic-era shopping changes, an increase in sellers, and overall attitude changes to resold items.

Source: Threadup, [2021 Resale Report](#). June 2021



A large majority (71%) of Gen Z reported buying or having someone buy for them at least one used or pre-owned clothing item since March 2020.

Q: Since March 2020, what percentage of the clothes that you bought (or were bought for you) were used or pre-owned? n=1,507

Implications

Gen Z want to be empowered by employers to make a difference in the world.

Money is decreasing in importance to Gen Z.

Between 2020 and 2021, “making money” declined in importance and was eclipsed by their desire to “be the best” and “make a difference.” Salary alone is not enough to convince Gen Z to join or even stay at your company. It is vital to pay employees what they are worth, but you must also consider making work enjoyable and demonstrating the impact of their work on the world.

Employers need to demonstrate their values, and position Gen Z staff to be impactful through their career. This includes **ongoing training needs** – leveling them up to be the best.

Implications

Businesses will not win if they try to control this generation – but they can help them gain control by understanding their individual values.

Lean into the individualism. Companies need to think beyond a one-size-fits-all approach to managing people. For example, it's not just work from home or work in-office – dig deeper to understand why some segments within Gen Z thrived remotely while others didn't.

The pandemic should be a lesson that we need to tailor corporate response and plans with an understanding of microsegment needs. Understanding the differences within Gen Z is just as important – if not more so – than looking at generational differences for a company's future.

So, what does this
mean for you?



- 1 Digital acceleration
- 2 Intentional consumerism
- 3 Purpose and ESG
- 4 Trust, transparency, and authenticity
- 5 Health matters
- 6 Workplace culture
- 7 Connected experiences



1 Digital acceleration

This is the first generation that has lived nearly the entirety of their lives in an online world.

With that digital savvy comes more data than we have ever had before to track, analyze and learn about any previous generation. We know how they spend their time, what they are talking about, what motivates them. We have all of that information at our fingertips.

Businesses must embrace digital transformation—AI, automation, 5G and disruptive technologies – in order to be able to appropriately meet the needs of Gen Z, and anticipate that the acceleration we have witnessed will not slow down. Gen Z will be the early adopters and will push these technologies further into the mainstream.

Considerations

- ▶ Are you leveraging data and analytics to targeting the individual segments of Gen Z, versus a one-size-fits-all approach?
- ▶ Are you delivering individualization versus personalization, via promotions and offers that match individual Gen Z's specific needs and desires, rather than the personalized experiences shaped by the brand's understanding of overall consumer segment preferences and behaviors synonymous with marketing to prior generations?
- ▶ Have you contemplated how you will measure consumer engagement effectiveness throughout digital interactions?

2 Intentional consumerism

Gen Z not only influences family purchase decisions more than youth of past generations, given their unprecedented access to information and the innate ability to use it, but they are actually driving purchases in key categories, from autos to furniture and groceries.

They are already a key shopper group and a primary target consumer – and need to be targeted as such. Marketing to a generation of digital natives is also different from past generations. Businesses will need to understand how Gen Z actually uses social media and other digital channels in order to properly leverage influencer culture strategically and effectively.

Considerations

- ▶ Are you re-evaluating your influencer strategies, user-generated content offer or co-creation/crowdsourcing initiatives to involve and dialogue with Gen Z, versus pitch to them? Cultivate engaging rich content through authentic and transparent brand messaging/storytelling.
- ▶ Have you asked the question: 'Why would they care?' Gen Z's dollar is hard won – they are either saving it, investing it or spending it, often on resale. To capture them, you need to go beyond the transaction, leaning into the things that they care about most.
- ▶ How are you defining loyalty? Saving time and making the most of their money is a high priority – being loyal to you is not. Retailers should demonstrate respect and loyalty before asking for it in return, and that includes security, shipping, supply chain, brand ethos and more. Businesses will have to get it reliably right time and time again in order to gain trust from the promiscuous Gen Z shopper.

3 Purpose and ESG

Companies cannot afford only lip service on the causes that matter. Stand for something or, in Gen Z's eyes, you stand for nothing.

Sustainability is now a matter of trust. Companies must consider its role in every part of the business, from sourcing and packaging to operations, footprint and investments.

But sustainability is not enough. Organizations must embrace Gen Z's ambitious expectations across the ESG spectrum, including diversity and inclusion. From Gen Z's perspective, a genuine commitment to equality is essential for survival. Businesses must proactively embrace these values before plunging profits force them to do so.

This is not a threat but an opportunity to move beyond the mediocrity that has been acceptable for far too long. The potential now exists for real, meaningful and lasting change. What you may only dare to dream of as possible, Gen Z expects.

Considerations

- ▶ Have you evaluated alternative business models and routes to market that cater to a socially driven consumer?
- ▶ How can we help consumers live more sustainably across all areas of their lives? And how will you bring the consumer along your sustainability journey? Are you communicating and delivery on your promises related to environmental and social practices?
- ▶ Have you reimagined your organization, and the role of diversity and inclusion, through the lens of the future consumer, customer and employee, embodied by the values of Gen Z?

4 Trust, transparency, and authenticity

Gen Z sniffs out inauthenticity with ease.

They are accustomed to building diverse communities of likemindedness—fandoms, meetup groups and advocacy hangouts, and they know when they are being pandered to. They won't overtly demand trust and transparency, but they will silently block you (literally and figuratively) from their lives without a second thought if they feel you are inauthentic. They will have a distaste for anything that looks, feels or is, to them, "fake."

Considerations

- ▶ How can you help enable greater transparency and visibility across the supply chain leverage technologies (like blockchain, perhaps) to deliver on trust and transparency?
- ▶ How can you work to enable greater levels of data sharing across the value chain?
- ▶ Have you enacted a trust and transparency initiative within the organization?

5 Health matters

Gen Z is much more self-aware than previous generations when it comes to mental health and wellbeing.

Due to their digitally connected lifestyle, this generation consumes nonstop communications – news, texts, tweets, emails, work, school, events, etc. – on a global scale instantaneously and always. They live in a constant state of overwhelm. They are admittedly high-stress, anxiety-ridden and untrusting of the world around them. But, they talk about it. They seek help. They want to address mental health. Companies who understand this will recognize the need for Gen Z to find holistic outlets for mind and body in all aspects of their lives, not just in terms of fitness or nutrition.

How and where they live and work, what they eat, and where and how they buy will be intentional choices, based on how it makes them feel. The healthcare industry will need to be poised and ready for an onslaught of mental wellness focus in the coming years. But the focus on health must be addressed and needs to start well beyond the hospital.

Considerations

- ▶ How are you addressing holistic health in your business? Suicide, drug addiction and disorders will need to be part of the daily vernacular, if the crises is to be addressed.
- ▶ Who are you collaborating with to address mental wellness within the education system, workplace, athletics, and socially? Conversations around the health of our youth will need to become the norm.
- ▶ How are your employees grappling with mental health? To effectively address their needs, you will need to understand their fears, how they see the world, and work on sharing progress, versus problems.

6 Workplace culture

Gen Z puts higher stakes into finding fulfilling careers where they are valued, versus making money.

Companies must see, hear and treat Gen Z employees as individuals, versus numbers, offering avenues for them to have a voice, to feel they are creating impact, and to feel passionate about what they are doing. Their employment will be promiscuous, unless a company aligns with their personal values and makes them feel as if they are contributors.

Considerations

- ▶ How are you addressing mental health, workload and collaboration opportunities for employees?
- ▶ Are you offering enough internal training and resources to help Gen Z manage their insatiable drive and fear-driven need for success?
- ▶ Have you prioritized and communicated D&I capabilities? Are you promoting a diverse and enriching workplace?

7 Connected experiences

Gen Z is connected, together, unified, even in a room of one.

Experiences are no longer just in-person engagements. They are not just events, digital or physical, but rather the entirety of your relationship with the consumer, whether you control the interaction with your product and brand, or not. Sharing opinion is a given expectation, not an afterthought. The digitally connected experience, for Gen Z, will need to be more emotional, less tactile. Businesses need to be redefining how you think of the "experience," tapping into the 'why' versus the 'what.'

Considerations

- ▶ Are you thinking about how to build experiences across the entire journey, regardless of channel?
- ▶ Have you considered what the entire end-to-end experiential journey would entail, imagined from the perspective of the digitally native Gen Z?
- ▶ Are your current drivers centered around experience and values, over product and brand?

Gen Z: The core driver of consumer change

This rings true across society, technology, sustainability, economics, and politics



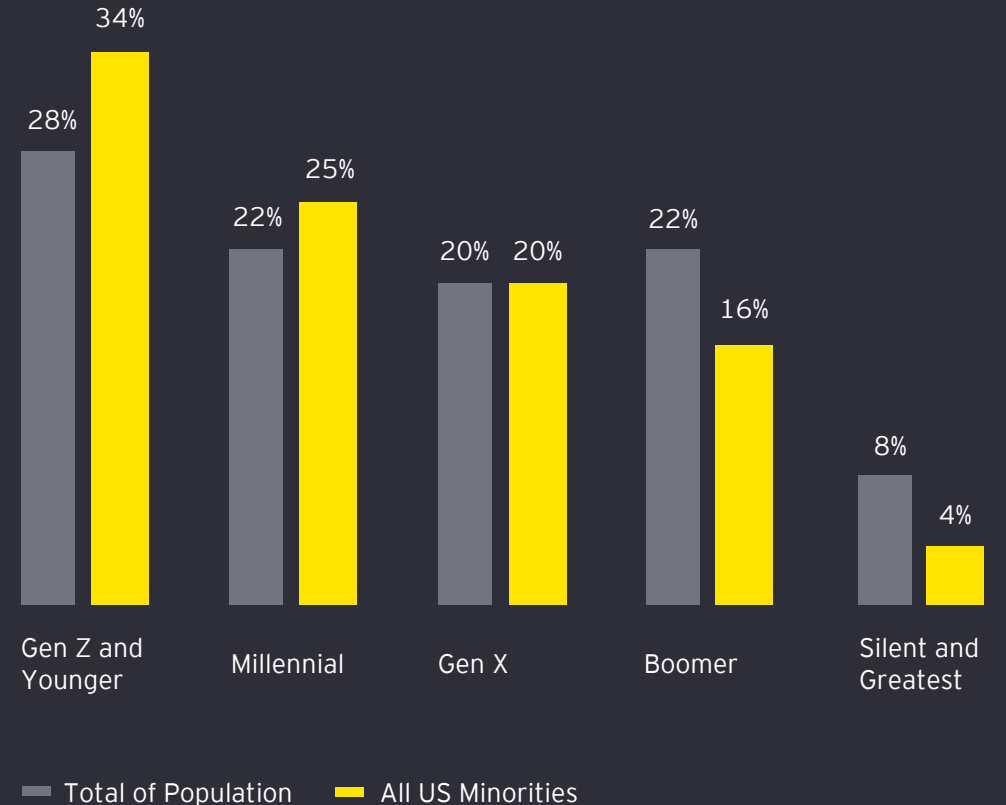
Appendix

Gen Z is the most racially diverse generation in U.S. history, so far.

Our EY survey and research focused on recruiting participants who reflect this reality

Race/ethnicity of survey participants	n=1,509
White alone, non-Hispanic	54%
Black alone, non-Hispanic	10%
AAPI alone, non-Hispanic	8%
Multi-racial/Other, non-Hispanic	6%
Hispanic	22%

Percentage of US Population and US Minorities segmented by Generation



Source: Pew Research, July 30, 2019

Despite assumptions, Gen Z span the political continuum.

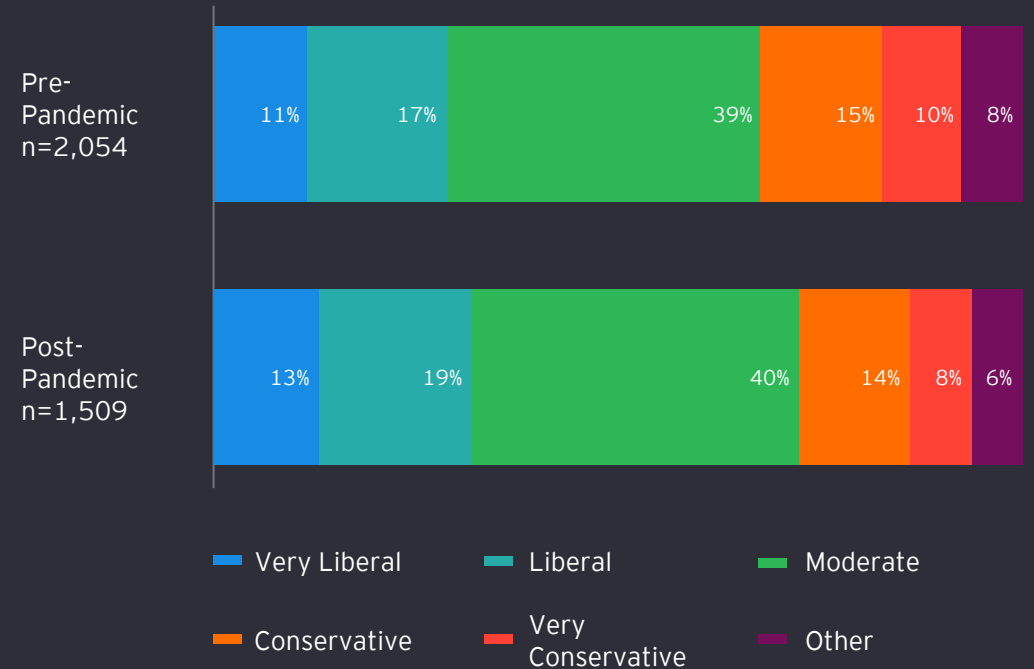
However, the way they define party lines is unique from other generations.

Pew Research reports that Gen Z Republicans stand out in their view on climate change, racism, and the role of the government from other generations. We anticipate this has only increased after 2020. Overall, Gen Z identified as slightly more liberal than they did before the pandemic.

Source: Pew Research, [Generation Z Looks a Lot Like Millennials on Key Social and Political Issues](#). January 17, 2019

Gen Z Political Orientation before and after the pandemic

Gen Zs are seemingly trending more liberal after the pandemic and 2020 election season.



Q: Which of the following best describes your political views?

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