



Why Truly Understanding Generation Z Is Key

marketing industry update customer acquisition Gen Z

Summary: Attracting Generation Z customers requires a thorough understanding of the unique needs and challenges of this group, as well as the ability to demonstrate such knowledge in ways that will resonate.

In 1966, television producer Joan Ganz Cooney and Lloyd Morrisett, the vice president of the Carnegie Foundation, set out to channel the addictive qualities of television in a way that could educate children and help prepare them for school. Following [two years of research and an \\$8MM grant from the Carnegie Foundation](#), the result was “Sesame Street” — a show about a fictional street in Manhattan whose residents comprised a combination of real people and puppets. The first episode of “Sesame Street” aired on November 10, 1969 and immediately resonated with children and adults alike.

As TV’s first research-based preschool educational show, the programming formula was so successful that 4,633 episodes have aired since that first episode. In the same way that the producers of “Sesame Street” took the time to research what would be effective with preschoolers, community financial institutions (CFIs) need to familiarize themselves with the challenges and concerns faced by Generation Z if they hope to successfully reach this demographic group.

What Makes Gen Z Tick

There have been countless articles written about the impact that Gen Z is expected to have on the US economy in the years ahead. Comprised of individuals born between 1997 and 2012, Gen Z is the world’s largest demographic group, constituting 32% of the global population and is expected to represent roughly [a third of the workforce by 2030](#). With the group’s oldest members already in the workforce, CFIs should be actively courting this group now. Effectively marketing to members of Gen Z and attracting them as long-term customers, however, requires understanding the group’s overall situation — from their preferences to the unique challenges they face.

Major Obstacles

Understanding their mindset necessitates relating to the biggest concerns and problems facing young adults. While inflation has impacted everyone, as the youngest members of the workforce, they have felt the pain more than older generations. Recent data from Bank of America shows that inflation is hitting Millennials and Gen Zers harder than any other group, with their personal inflation rates exceeding 11%, compared to 8.5% for other demographic groups.

As a result, Gen Z is struggling financially. Such struggles have also translated to the group’s ability to prepare for the future, with a recent Bank of America survey finding that [73% of them are finding it difficult or even impossible to save](#) for retirement or long-term savings. A recent survey from DailyPay and The Harris Poll found that [48% of Gen Z aren’t able to move out of their parents’ homes](#), due to financial difficulties — but that won’t last forever.

Looking Ahead

Despite the challenges that Gen Z is currently facing, their struggles won't last forever. Now is the time that CFIs should begin actively courting their business. Efforts to catch the attention of this group, however, aren't likely to succeed if they are approached the same way that CFIs market to other demographic groups.

Capturing the interest of this generation requires reaching them in the places where they spend the majority of their time — online, specifically on social media platforms such as YouTube, Instagram, and TikTok, which are the main sources that [56% of Gen Zers turn to for advice regarding their finances](#). Having grown up in an era of information overload and digital marketing, they are quick to size up content and dismiss anything that doesn't immediately appeal to them, or which doesn't appear sincere. Fortunately for CFIs, Generation Z is very interested in learning about finance.

The Value of Standing Out

Given the abundance of digital financial content available, CFIs need to be sure that any educational resources they put out are interesting and capture people's attention quickly. Research has shown that the average Gen Zer has an eight-second attention span. With so many financial institutions competing for their attention, the following are a few things CFIs should keep in mind when putting together any sort of marketing or outreach targeting this generation:

- **Be authentic.** Content that appears genuine is more likely to attract and hold the attention of Gen Zers.
- **Get their attention early.** Content that grabs their attention early on, proves to be interesting (think funny or trendy), or demonstrates initial value immediately is more likely to hold their attention.
- **Establish a metaverse presence.** As Gen Z spends more of their time in the emerging [metaverse](#), they will expect the organizations they value most to be accessible there. While CFIs don't necessarily need to set up elaborate operations in the metaverse, such as [the Onyx lounge set up by JPMorgan Chase in Decentraland](#), it is important to establish some sort of presence and demonstrate that your organization is aware of the rising importance of this new online realm.
- **Use influencers.** The younger generation views social media influencers as credible sources of information. Recruiting assistance from social marketers, particularly those who are part of Gen Z, is something CFIs should not discount.
- **Focus on philanthropy.** Environmental and social issues are important to Gen Z, and they will look for businesses that share their values. In fact, 60% of consumers in this generation would switch financial institutions if that provider was dedicated to those causes. CFIs should consider sustainable products such as credit and debit cards made from recycled or bio-plastics, and should get involved with local environmental preservation efforts to demonstrate their commitment to such issues.
- **Increase digital engagement.** Immersive experiences and holistic, seamless customer support are equally important to Gen Zers. CFIs should consider this when designing and upgrading mobile and digital offerings across the board.

With Gen Z on track to become the largest group of customers in a short time span, CFIs may want to aggressively court this demographic. Successfully reaching this group requires understanding their unique needs and desires and demonstrating that understanding across your organization — from marketing to service offerings.

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ECONOMY & RATES

Rates As Of: 02/14/2023 09:41AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	4.81	0.11	0.39
6M	4.99	0.19	0.23
1Y	4.95	0.28	0.24
2Y	4.60	0.40	0.17
5Y	4.00	0.38	0.00
10Y	3.76	0.25	-0.12
30Y	3.80	0.17	-0.16
FF Market	FF Disc	IORR	
4.58	4.75	4.65	
SOFR	Prime	OBFR	
4.55	7.75	4.57	

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