



Appealing To Gen Z – A Competitive Advantage

business customers customer experience Gen Z

Summary: Bank of America recently projected that Gen Z will be the “most disruptive generation ever.” Not only is their income expected to exceed that of millennials in 10Ys, but they are also more highly educated than their cohorts. Let’s explore three approaches to engage them and gain a competitive advantage.

We missed National Ice Cream Day on July 18th, but we thought it was interesting to report the most popular flavors before the end of the summer. Plain vanilla ice cream took the top spot, with rocky road, green tea, coffee, and birthday cake ice cream flavors all four tying for second place, according to a recent study from Instacart.

If today’s teens and twenty-somethings, also known as Generation Z (Gen Z), were representing an ice cream flavor, they would hardly be considered vanilla. They are diverse and smart and provide a huge new opportunity for community financial institutions (CFIs). This group has an [estimated buying power of up to \\$143B](#). Furthermore, according to a study by Oxford Economics, the number of [GenZers in the workforce will grow to 51MM by 2030, with an after-tax income of \\$2T](#). Here is how you can appeal to them and gain a competitive advantage.

How they differ from other generations

Born (roughly) between 1997 and 2015, Gen Zers are more racially and ethnically diverse than previous generations. They want acceptance for who they are, including their gender identification, ethnicity, body size, and their interests. This cohort is also apt to feel a sense of purpose and a need to act on it. So, it makes sense that they have reportedly been more involved in charity and volunteer activities than most of their older peers. In 2018, [57% of 18-21Y olds were enrolled in two- or four-year college](#), making them more educated than older generations; this was true of 52% of millennials in 2003 and 43% of Gen Xers in 1987. These young consumers are also more likely to shy away from over-extending themselves financially and generally consider themselves savers. “*What’s more, Gen Z shoppers don’t like to spend money they don’t have. Ninety-four percent of Afterpay’s [Gen Z customers use their own money](#), linking their account to a debit card,*” said Nick Molnar, co-founder and North America CEO of Afterpay, a buy now, pay later firm.

Three impactful approaches to appeal to Gen Z

- 1. Foster trust.** Many of these young consumers witnessed their parents and other adults suffer due to the misadventures of large financial firms, related to the financial crash of 2008. Finding ways to show that you offer a different experience and are trustworthy will appeal to them. This generation can be very loyal, if you show that you provide not only value, but transparency. Co-founder and COO of a Gen Z insights company stated it well, “*They expect the world’s information and capabilities at their fingertips, but they also expect really strong brand trust.*” Since community financial institutions know how to establish strong trust with new customers, you have a leg up here.
- 2. Offer choices.** The digital-search-savvy Gen Z customer has no shortage of information — which checking accounts offer the best perks, which financial institutions provide the most helpful tools, etc. While you

can't appeal to every single one of them, having an assortment of offerings that appeals to a wide variety of needs helps bring more Gen Z customers to your institution. Remember that this demographic is used to "in-app" purchases. Therefore, they may be more open-minded to paying for specific features or tools, if given the choice.

3. **Provide connections.** Besides trust, creating consistent, personal connections between GenZers and your staff is key too. Despite the presumption that this group is "all-digital, all-the-time", the fact is that many Gen Zers crave human contact in their business and social dealings. Connecting with these customers on a personal level can make all the difference. Remind them that you can provide prudent financial advice and reliable banking relationships to guide them through their financial well-being. Even smaller things like having frontline staff know their name make them feel connected and valued.

The Gen Z customer importance grows as this demographic takes a larger role in the workplace and economy. Knowing how to appeal to them is a competitive advantage that your institution will need to continue succeeding in the market.

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ECONOMY & RATES

Rates As Of: 08/12/2021 05:42AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.05	-0.01	-0.04
6M	0.06	0.01	-0.03
1Y	0.08	0.01	-0.03
2Y	0.23	0.04	0.11
5Y	0.82	0.13	0.46
10Y	1.37	0.13	0.45
30Y	2.01	0.12	0.37
FF Market	FF Disc	IORB	
0.10	0.25	0.15	
SOFR	Prime	OBFR	
0.05	3.25	0.08	

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