Catering to 'Generation Now': Making Digital Connections Intelligent, Personal and Always-On

October 2020

Cognizant®

Introducing Generation NOW...

Comprising:
Digital-Native Gen Y (aka Millennials, born 1981-1996)
And Mobile-Native Gen Z (born 1997-2012)

Contents

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Introduction

The collective attitudes of Gen Y and Gen Z toward connectivity, content and commerce over the past several years have significantly altered how brands attract and retain this demographic. COVID-19 has only served to accelerate the need to meet fast-changing demands in real time or risk irrelevance.

Countless studies show that those born digital (Gen Y, or millennials) and born mobile (Gen Z) – which together we are terming Generation Now – bring massive expectations to companies created in the internet era, as well as established brands with decades of service under their belts.

In February 2020 – just as the coronavirus was beginning to gain speed but was not yet declared a global pandemic – we conducted a follow-up study to our 2018 research tracking attitudes, interests and expectations concerning connectivity, content and commerce among different generations. (See study methodology, page 18.)

Just a few short months later, COVID-19 proved to be a generational watershed moment. What September 11th was to Gen X (born 1965 to 1980) and the Great Recession was to millennials, COVID-19 is to Gen Z: A period of time that fundamentally upended the world as they knew it, and ushered in a new – or next – normal.

So disruptive has COVID-19 been that it has thrust even die-hard Luddites into the digital age. While our new generational research shows that reliance on technology continues its rapid rise, the coronavirus accelerated its adoption, with "___ from home" (work, school, entertainment, exercise, graduations, birthdays, happy hours and more) going mainstream – literally overnight.

Now more than ever, end users demand that technology anticipates their every want and need, and provides personalized experiences through high-speed connections anytime, anywhere. But beware, our data shows that digital fatigue has been on the rise, even before COVID-19 entered the picture.
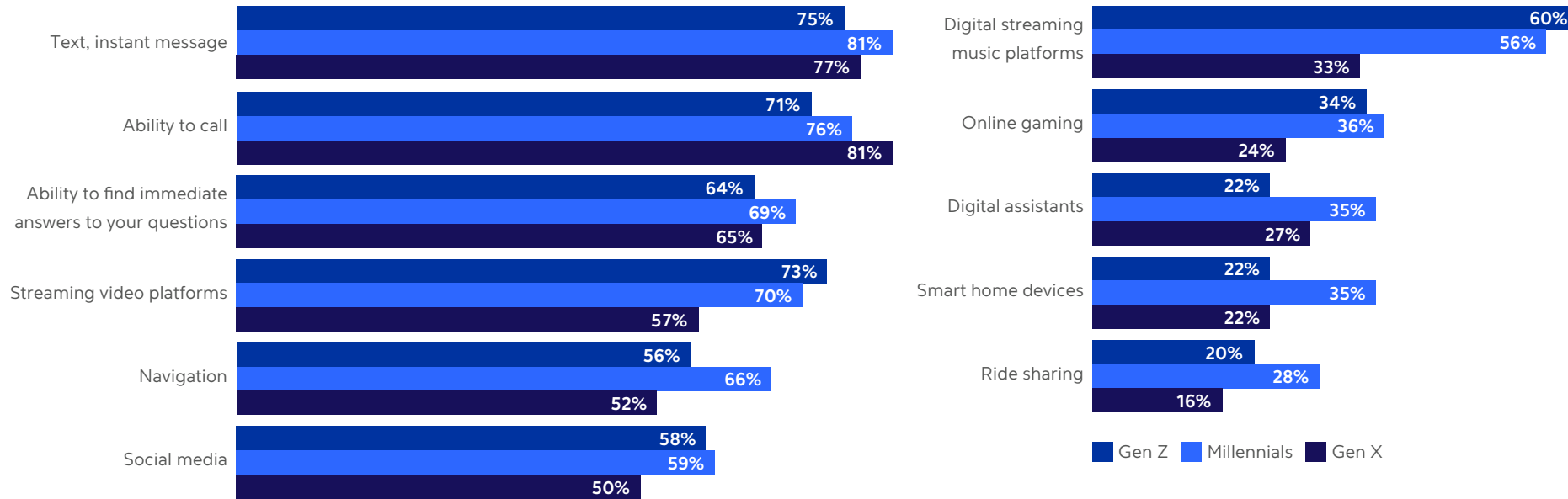
Connected life

According to our survey, 78% of Gen Z and 79% of millennials say that connected technology makes their lives easier, and 42% of Gen Z and 48% of millennials talk with a connected device (Siri, Alexa, Google Assistant, etc.) in some way every day.

All generations depend on a wide variety of specific technologies in their daily lives. Gen Z and millennials depend the most on texting and instant messaging, while Gen X depends the most on their ability to call.
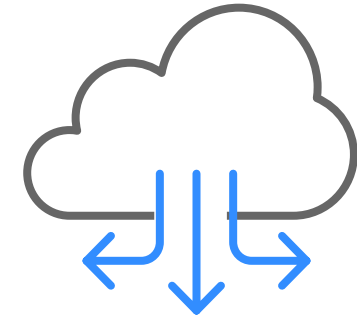
Dependence upon in current daily life

Percentage of people who responded "depend on" or "completely depend on."

	Gen Z	Millennials	Gen X
Text, instant message	75%	81%	77%
Ability to call	71%	76%	81%
Ability to find immediate answers to your questions	64%	69%	65%
Streaming video platforms	73%	70%	57%
Navigation	56%	66%	52%
Social media	58%	59%	50%
Digital streaming music platforms	60%	56%	33%
Online gaming	34%	36%	24%
Digital assistants	22%	35%	27%
Smart home devices	22%	35%	22%
Ride sharing	20%	28%	16%

Source: Cognizant/The Center for Generational Kinetics survey, February 2020
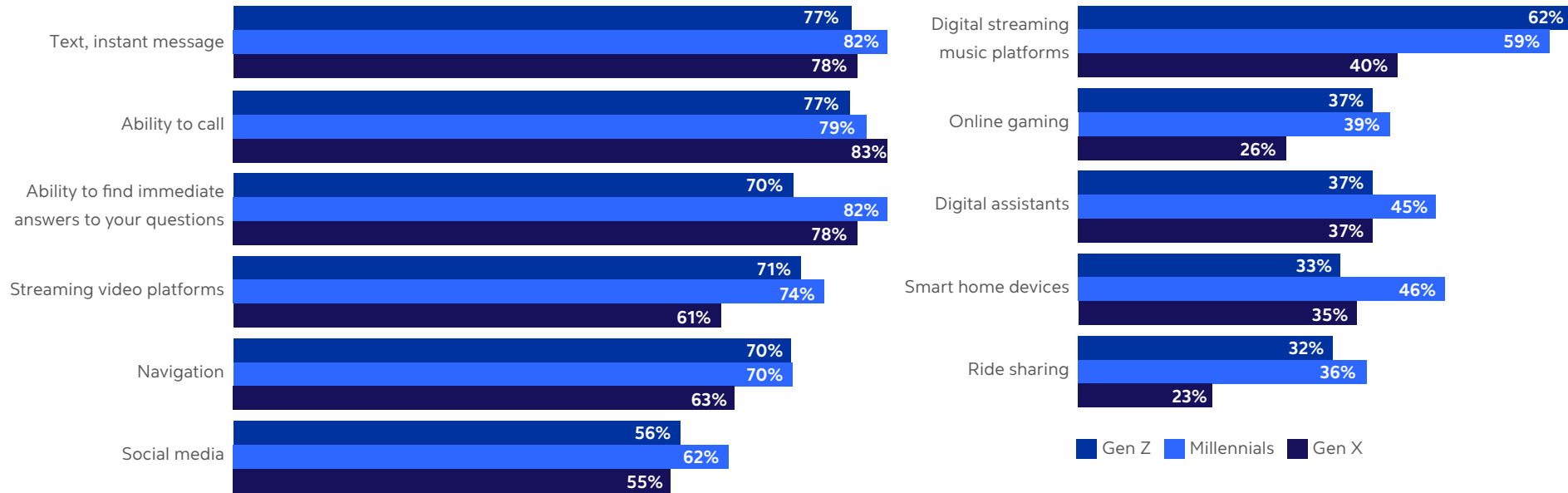
Figure 1

Even before the pandemic, respondents from all surveyed generations said they foresee an increase in technology dependence in almost every category in the near future.

Consumer reliance on digital connections or tools stays strong across all categories. In fact, technology dependence is expected to increase, as summarized on the following page.

Projected dependence in daily life in two to four years

Percentage of people who responded "depend on" or "completely depend on."

Category	Gen Z	Millennials	Gen X
Text, instant message	77%	82%	78%
Ability to call	77%	79%	83%
Ability to find immediate answers to your questions	70%	82%	78%
Streaming video platforms	71%	74%	61%
Navigation	70%	70%	63%
Social media	56%	62%	55%

Category	Gen Z	Millennials	Gen X
Digital streaming music platforms	62%	59%	40%
Online gaming	37%	39%	26%
Digital assistants	37%	45%	37%
Smart home devices	33%	46%	35%
Ride sharing	32%	36%	23%

■ Gen Z ■ Millennials ■ Gen X

Source: Cognizant/The Center for Generational Kinetics survey, February 2020
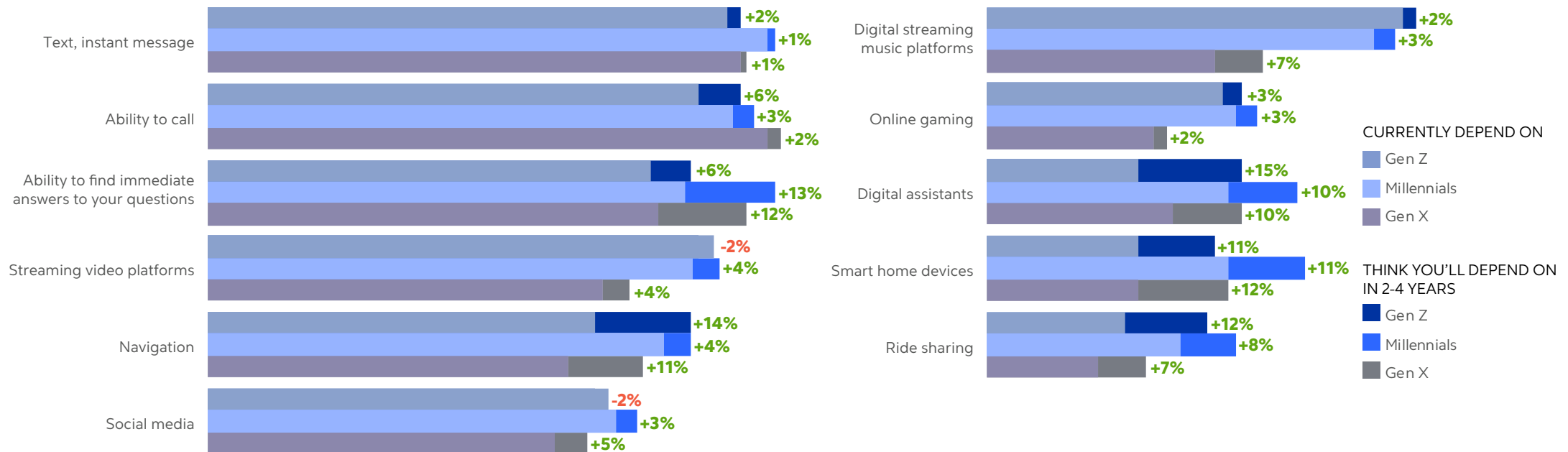
Figure 2

Double-digit growth is foreseen in technology dependence for multiple categories in the near future (two to four years).

One example is smart homes. While today digital dependence on apps and devices that run homes doesn't rank high on the list of technological priorities, in coming years respondents predict sharp increases (double digits in many cases). The same can be said for navigation apps and virtual digital assistants. Add the "___ from home" shift brought on by COVID-19 and we now have the need for *very* smart homes – ones designed for school, work, entertainment and more. The dependence on technology has only increased in our current era of doing *virtually everything* at home.

Difference between dependence now and in two-four years

Percentage of people who responded "depend on" or "completely depend on."

Text, instant message
+2%
+1%
+1%

Ability to call
+6%
+3%
+2%

Ability to find immediate answers to your questions
+6%
+13%
+12%

Streaming video platforms
-2%
+4%
+4%

Navigation
+14%
+4%
+11%

Social media
-2%
+3%
+5%

Digital streaming music platforms
+2%
+3%
+7%

Online gaming
+3%
+3%
+2%

Digital assistants
+15%
+10%
+10%

Smart home devices
+11%
+11%
+12%

Ride sharing
+12%
+8%
+7%

CURRENTLY DEPEND ON
- Gen Z
- Millennials
- Gen X

THINK YOU'LL DEPEND ON IN 2-4 YEARS
- Gen Z
- Millennials
- Gen X

Source: Cognizant/The Center for Generational Kinetics survey, February 2020

Figure 3

The dependence on technology has only increased in our current era of doing *virtually everything* at home.

Even before the coronavirus hit, people in these age groups were suffering from digital overload, and feeling the need to get away from technology completely.

Respondents now feel more of a need to escape technology than they did two years ago – an increase of 8% among millennials and 15% among Gen Z respondents, who say they need at least some time to escape technology. As noted, our survey was completed a month before the pandemic prompted shelter-in-place orders. In that short period of time, technology has permeated even more of our lives and increased digital exhaustion, as evidenced by a new phenomenon known as "**Zoom fatigue**."

All generations feel more of a need now to escape technology completely* than they did two years ago

2018 STUDY

Always/Often	Gen Z 16% / Millennials 24% / Gen X 19%
Sometimes	Gen Z 36% / Millennials 35% / Gen X 34%
Rarely/Never	Gen Z 48% / Millennials 41% / Gen X 47%

Gen Z Millennials Gen X

2020 STUDY

Always/Often	Gen Z 22% / Millennials 26% / Gen X 22%
Sometimes	Gen Z 45% / Millennials 41% / Gen X 46%
Rarely/Never	Gen Z 35% / Millennials 34% / Gen X 32%

Gen Z Millennials Gen X
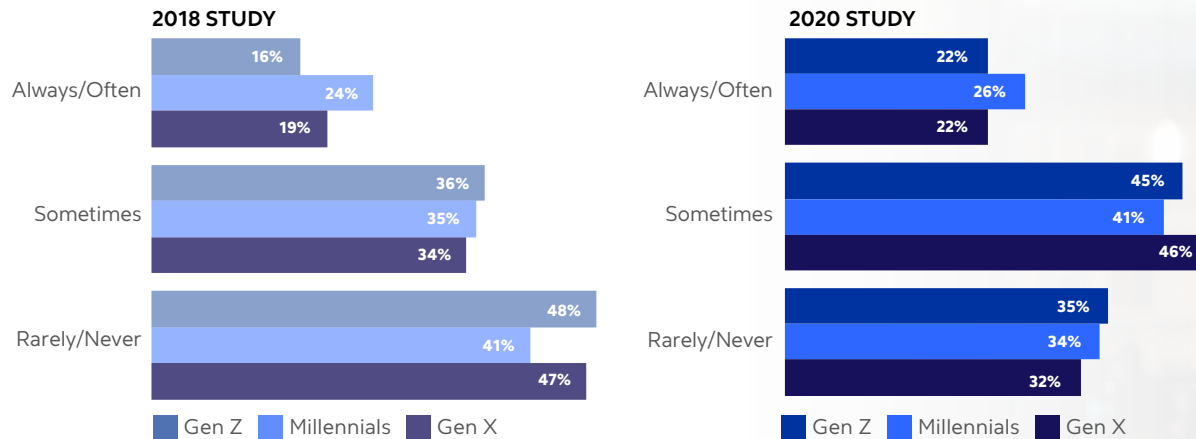
* I.e., find a place where there is nothing connected.
Source: Cognizant/The Center for Generational Kinetics survey, February 2020
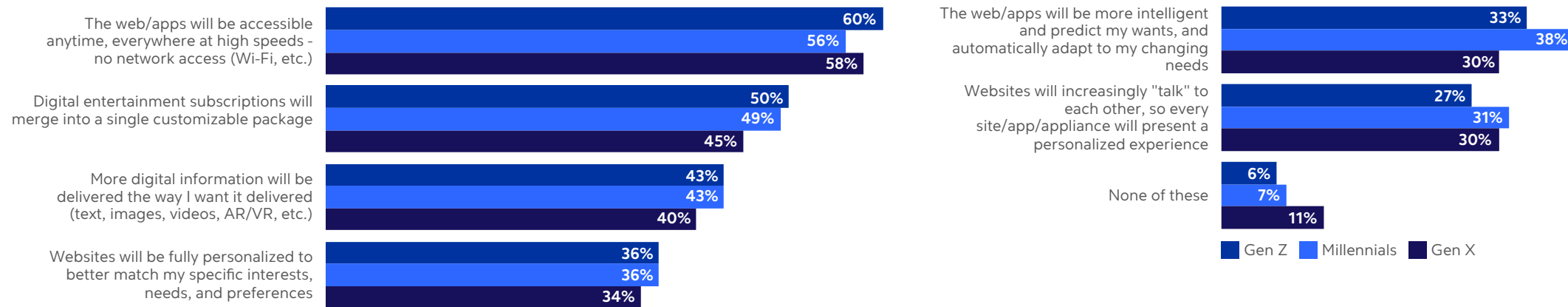Figure 4

Future of content and apps

No one is walking away from technology, of course. In fact, brands will win the hearts, minds and wallets of Gen Now by delivering unique experiences – when and how they want them.

These generations have high hopes for what technology will deliver. One example is digital entertainment. With hundreds of streaming services (and the growing cost to consumers of having multiple streaming subscriptions), respondents expressed a desire for the way content is offered to be simplified, with nearly half (48%) saying they hope digital entertainment subscriptions will merge into a single customizable package.

High-speed internet accessible everywhere and merged digital entertainment subscriptions are the technology advances that consumers *most want to be true* in the near future.

## Technology desires for the near future (two to four years)*

The web/apps will be accessible anytime, everywhere at high speeds - no network access (Wi-Fi, etc.)	Gen Z 60% / Millennials 56% / Gen X 58%
Digital entertainment subscriptions will merge into a single customizable package	Gen Z 50% / Millennials 49% / Gen X 45%
More digital information will be delivered the way I want it delivered (text, images, videos, AR/VR, etc.)	Gen Z 43% / Millennials 43% / Gen X 40%
Websites will be fully personalized to better match my specific interests, needs, and preferences	Gen Z 36% / Millennials 36% / Gen X 34%

The web/apps will be more intelligent and predict my wants, and automatically adapt to my changing needs	Gen Z 33% / Millennials 38% / Gen X 30%
Websites will increasingly "talk" to each other, so every site/app/appliance will present a personalized experience	Gen Z 27% / Millennials 31% / Gen X 30%
None of these	Gen Z 6% / Millennials 7% / Gen X 11%

■ Gen Z ■ Millennials ■ Gen X

*Respondents selected all that apply.

Source: Cognizant/The Center for Generational Kinetics survey, February 2020
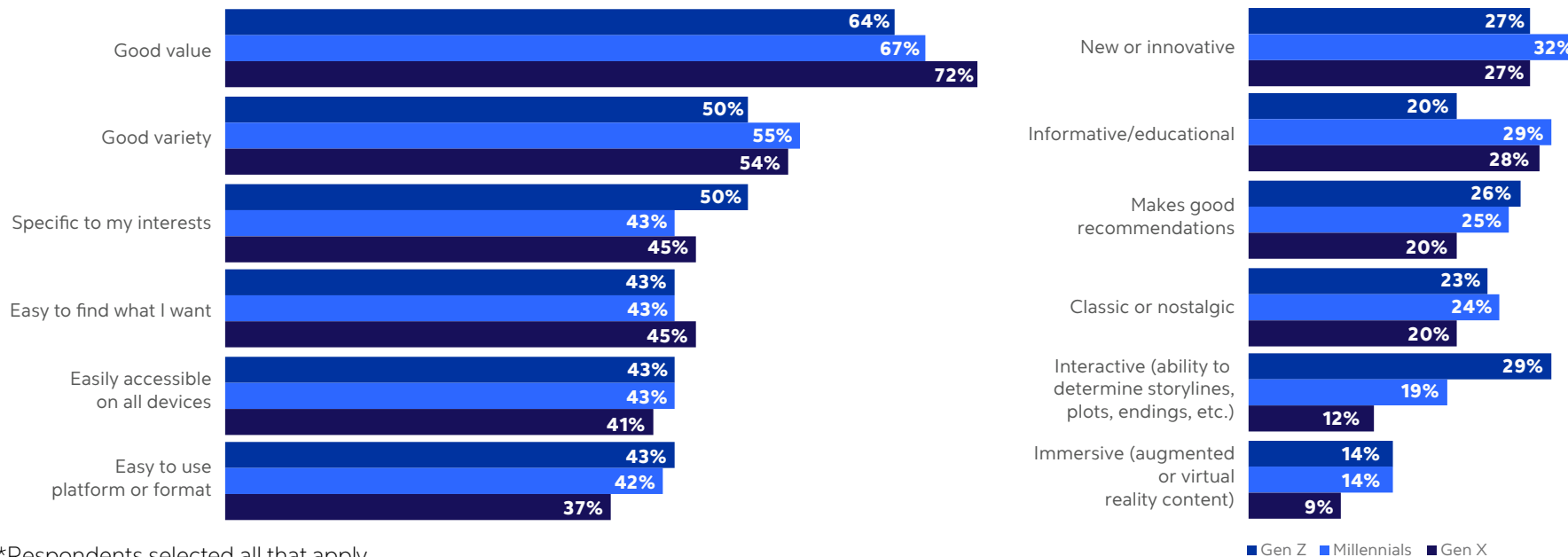
Figure 5

Generation Now embraces the connected life, as long as it's streamlined and efficient.

The survey showed different generations shared strong opinions about what they expect from their digital world: Above all, they want easiness and simplicity – in content experiences, home/device connectivity and disconnecting when users need a digital break. Across the generations, "direct-to" subscriptions (content and apps) are increasingly a part of life, a trend which has accelerated during COVID-19. Free trials are luring subscribers, but nearly 20% of Gen Now say streaming subscriptions are not worth it. It will be important to keep a close watch on the value delivered to customers to minimize subscriber churn after the free trial period.
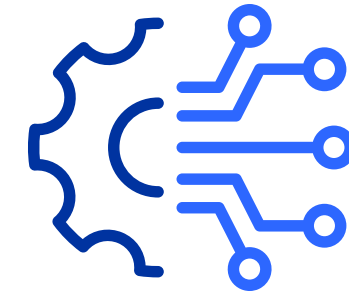
Across generations, *good value* is the most important element making content worth paying for.

What most constitutes content worth paying for?*

	Gen Z	Millennials	Gen X
Good value	64%	67%	72%
Good variety	50%	55%	54%
Specific to my interests	50%	43%	45%
Easy to find what I want	43%	43%	45%
Easily accessible on all devices	43%	43%	41%
Easy to use platform or format	43%	42%	37%

	Gen Z	Millennials	Gen X
New or innovative	27%	32%	27%
Informative/educational	20%	29%	28%
Makes good recommendations	26%	25%	20%
Classic or nostalgic	23%	24%	20%
Interactive (ability to determine storylines, plots, endings, etc.)	29%	19%	12%
Immersive (augmented or virtual reality content)	14%	14%	9%

■ Gen Z   ■ Millennials   ■ Gen X

*Respondents selected all that apply.

Source: Cognizant/ The Center for Generational Kinetics survey, February 2020

Figure 6

Making purchasing decisions

Price and quality remain top considerations for millennial and Gen Z consumers.
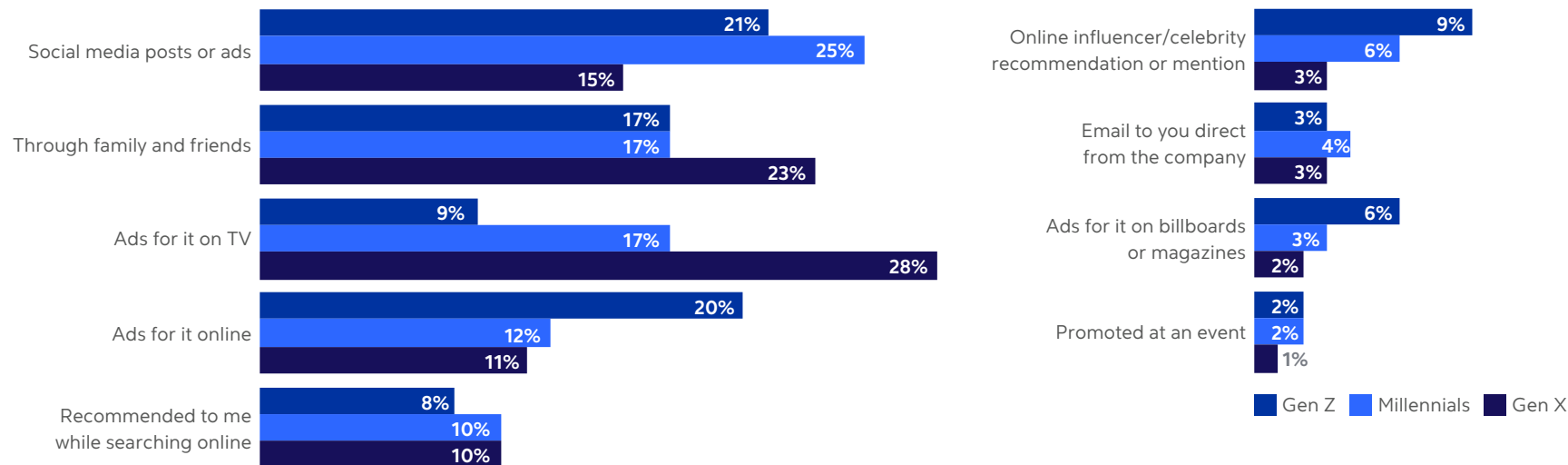
Our study showed that the two most important factors for Gen Y and Gen Z when making a purchasing decision is that it is "reasonably priced" and "high quality," with price being decisive to 74% of Gen Z and 82% of millennials, and quality critical to 75% and 81%, respectively. Even amidst the pandemic, an ongoing Morning Consult study of Gen Z on May 1-3, 2020 found that Gen Z picks quality (with 75% saying it has a somewhat strong impact on brand loyalty) and price (with 74%) over other brand characteristics.

But how these consumers learn about new products and services, and ultimately what prompts them to buy, are very different among the generations.

Different generations learn about new products from *very different* sources.

Gen X typically learns about new products from traditional TV, family and friends, while millennials and Gen Z learn about them from social media posts. Also, Gen Z, more than any other generation, learns about new products from online ads.

How generations typically learn about new products

Social media posts or ads
- 21%
- 25%
- 15%

Through family and friends
- 17%
- 17%
- 23%

Ads for it on TV
- 9%
- 17%
- 28%

Ads for it online
- 20%
- 12%
- 11%

Recommended to me while searching online
- 8%
- 10%
- 10%

Online influencer/celebrity recommendation or mention
- 9%
- 6%
- 3%

Email to you direct from the company
- 3%
- 4%
- 3%

Ads for it on billboards or magazines
- 6%
- 3%
- 2%

Promoted at an event
- 2%
- 2%
- 1%

Gen Z ▪ Millennials ▪ Gen X

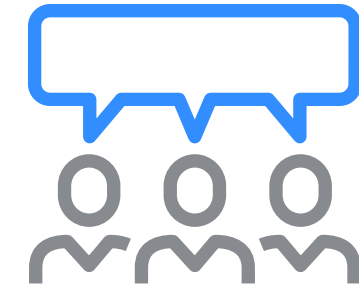**Source:** Cognizant/The Center for Generational Kinetics survey, February 2020

Figure 7

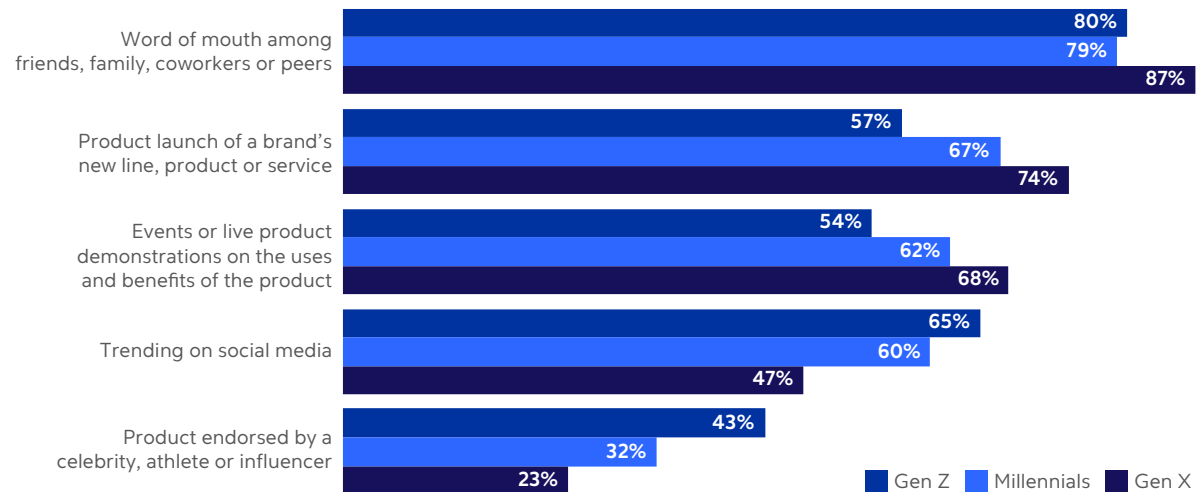## Word of mouth is the most important factor influencing all generations to try a product.

Gen Z is more likely than older generations to be swayed by products that are trending on social media or endorsed by a celebrity.

Word of mouth, product launches and live product demonstrations would most influence consumers to try a new product.

This is especially true for Gen X, while Gen Z, more than older generations is influenced to try a new product because it's trending on social media or it's endorsed by a celebrity, athlete or influencer.

What factors most influence generations to try a new product*

Word of mouth among friends, family, coworkers or peers
- 80%
- 79%
- 87%

Product launch of a brand's new line, product or service
- 57%
- 67%
- 74%

Events or live product demonstrations on the uses and benefits of the product
- 54%
- 62%
- 68%

Trending on social media
- 65%
- 60%
- 47%

Product endorsed by a celebrity, athlete or influencer
- 43%
- 32%
- 23%

■ Gen Z ■ Millennials ■ Gen X

*Respondents selected their top three

Source: Cognizant/The Center for Generational Kinetics survey, February 2020
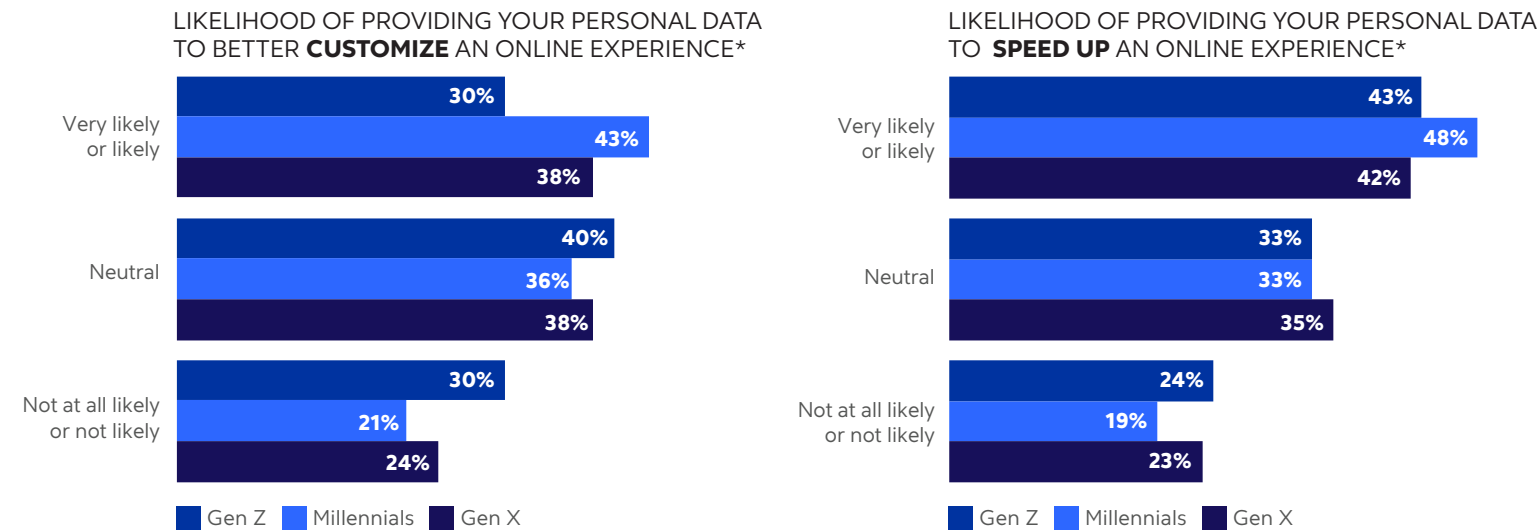
Figure 8

Personal data, privacy & trust

All generations studied are concerned about data privacy and worried their personal information could be used against them – with older consumers more concerned than their younger counterparts. But millennials and Gen Z are willing to provide some personal data in exchange for a more rapid online experience.

Our research shows a significant number of people are willing to provide highly sensitive personal data to gain a more customized online experience. For example, nearly one fourth (23%) of total respondents said they'd be willing to provide their social security number, 40% would provide passport information and 54% said they'd be willing to provide family and friend information. While alarming, it certainly points to the premium people place on personalized experiences.

All generations are more likely to provide their personal data in order to speed up an online experience compared to better customizing it

LIKELIHOOD OF PROVIDING YOUR PERSONAL DATA TO BETTER **CUSTOMIZE** AN ONLINE EXPERIENCE*

	Gen Z	Millennials	Gen X
Very likely or likely	30%	43%	38%
Neutral	40%	36%	38%
Not at all likely or not likely	30%	21%	24%

■ Gen Z ■ Millennials ■ Gen X

LIKELIHOOD OF PROVIDING YOUR PERSONAL DATA TO **SPEED UP** AN ONLINE EXPERIENCE*

	Gen Z	Millennials	Gen X
Very likely or likely	43%	48%	42%
Neutral	33%	33%	35%
Not at all likely or not likely	24%	19%	23%

■ Gen Z ■ Millennials ■ Gen X

* E.g., allowing browser cookies to track online behavior.

* E.g., accepting cookies to tailor relevant content; use of auto-fill forms on social platforms; etc.

Source: Cognizant/The Center for Generational Kinetics survey, February 2020

Figure 9

Study methodology

▮ Custom 31-question survey (26 new questions, 5 repeat questions from 2018 study) designed collaboratively by Cognizant and The Center for Generational Kinetics (CGK).

▮ The study was administered to 2,000 U.S. respondents ages 15 to 53.

▮ The sample was weighted to the U.S. Census for age, region, gender and ethnicity.

▮ Survey was conducted online from February 21, 2020 to March 2, 2020.

▮ Figures are statistically significant at the 95% confidence level. Margin of error is +/- 3.1 percentage points.

▮ Note: "Total" in any graph represents the sample as a whole. In an instance that a chart total for a single select question does not add to 100%, please note that this is due to the minimal effect of rounding.

Next Steps: Recommendations for Consideration

Tapping the potential of a highly connected group: Where to begin

Over the next three decades, millennials and Gen Z are expected to drive the U.S. economy. And Gen Now will increasingly live more connected lives in years to come. Cable and telecommunications, media and entertainment and internet/over-the-top companies should take a number of actions to capitalize on these trends:

▌ **Speed up and simplify** the online user experience – including digital connections, home networks and device maintenance.

▌ **Build trust through transparency**. While concern over the use (or abuse) of personal data remains high, actual online behaviors haven't changed much. However, with or without government intervention, brands must take bold steps to deliver on the value exchange between customer and company so that technology can intelligently anticipate wants and needs and do so in a simple, transparent way that builds trust.

▌ **Focus on value**. Answer this question from a customer's perspective: Is it worth it? This applies to connectivity, content and commerce. For example, there's a short "honeymoon" phase with subscription services at the moment, with the vast majority of respondents saying streaming content adds value. But keep an eye on the one-fifth who disagree.

▌ **Apply technologies that give a more complete view of the customer**, predict and improve services offered, and allow intelligent offerings to be brought to market at an even faster pace.

Learn More

Visit Cognizant to learn more about this study and how we are helping companies create new customer experiences and offerings that drive profitable growth.

Contact Sara Mihan, and Tara Whitehead Stotland to discuss further.

About Cognizant Consulting

Cognizant Consulting combines deep domain expertise with advanced technology thinking to help global 2000 companies worldwide accelerate their digital journeys. By orchestrating capabilities across strategy, design, IT and industry/functional knowledge, we help clients solve their toughest business-technology challenges at speed and scale, and lead in today's dynamic digital age - while planning for whatever tomorrow brings. We do this by applying a keen understanding of the uniquely human aspirations, behaviors and needs of our clients' customers and employees to first envision and specify, and then deliver and extend modern digital solutions that enable leading players to differentiate and ultimately separate from the competition. Learn more by visiting us at www.cognizant.com/consulting.

About Cognizant

Cognizant (Nasdaq-100: CTSH) is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient businesses. Headquartered in the U.S., Cognizant is ranked 194 on the Fortune 500 and is consistently listed among the most admired companies in the world. Learn how Cognizant helps clients lead with digital at www.cognizant.com or follow us @Cognizant.

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