

A Custom Technology Adoption Profile Commissioned By American Express | May 2017

# Raising The Bar

How Gen Z Expectations Are Reshaping Brand Experiences

GET STARTED ►



# Raising The Bar

## OVERVIEW

## SITUATION

## APPROACH

## OPPORTUNITY

## CONCLUSIONS

### Overview

Gen Y created the demand and benchmark for seamless, personalized customer service experiences leveraging technology, from receiving real-time card benefit notifications via a social media bot, to automatically earning extra rewards for car share rides. With Gen Z quickly entering the spotlight, companies will need to raise the bar to ensure positive brand perception and loyalty from this up-and-coming generation of true digital natives. Having grown up with instant access to information across a myriad of devices, Gen Z expects brands to deliver tech-savvy customer service experiences that are instantaneous, highly personalized, secure, and entertaining.

In March 2017, American Express commissioned Forrester Consulting to conduct a study evaluating the evolving needs and desires of Gen Z consumers. Through a survey of 1,027 North American Gen Y and Gen Z consumers, we found that more than any generation before them, Gen Zers have unique expectations of brands with regard to payments, customer service, and engagement through emerging channels. Brands will need to meet these expectations in order to serve the customers of tomorrow.



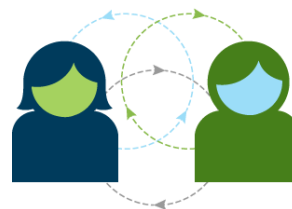
#### Geography

North America



#### Age

- › Gen Z (ages 16 to 22)
- › Gen Y (ages 23 to 37)



#### Gender

- › 50% Male
- › 50% Female

# Raising The Bar

## OVERVIEW

## SITUATION

## APPROACH

## OPPORTUNITY

## CONCLUSIONS

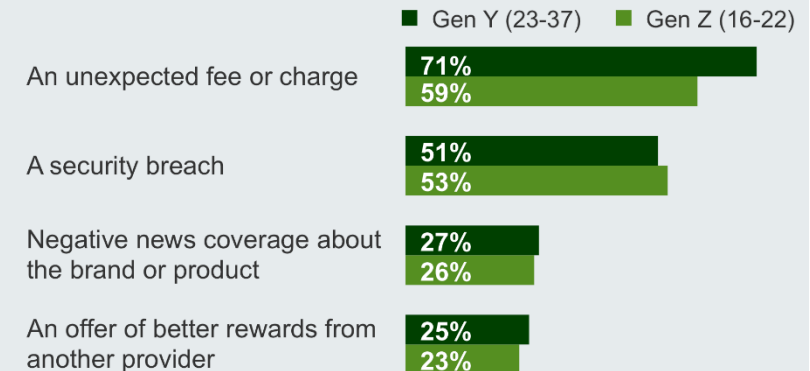
1 2 3

## Gen Z Values Trust, Security, And Digital Features

Gen Z already has many of the same concerns that Gen Y does — even though they have much less experience dealing with brands — and in many cases their expectations are even higher. When we asked respondents what would be most likely to make them stop using a product, service, or brand, the top reasons across the board were unexpected fees/charges, security breaches, and negative news coverage.



### Which of the following would most likely make you stop using a product, service, or brand?



Base: 1,027 consumers with digital purchases and/or customer service experience

Source: A commissioned study conducted by Forrester Consulting on behalf of American Express, March 2017

# Raising The Bar

## OVERVIEW

## SITUATION

## APPROACH

## OPPORTUNITY

## CONCLUSIONS

1 2 3

## Gen Z Actively Manages Their Finances

Gen Zers — currently 16- to 22-years-old — are just entering the workforce and are mostly still in school. It would stand to reason that they aren't yet well-versed in financial matters, but our study found that they are already financially empowered consumers worthy of attention from financial institutions. Eighty-one percent make purchases on their own, and 77% keep careful track of their own finances. And, the majority of Gen Zers already have some sort of experience with using a financial instrument such as a credit card (27%) or checking/savings account (72%). As they continue their advancement in the workforce, Gen Z will quickly become a focal point for brands.

*Despite limited purchasing power, 73% of Gen Zers have bought products or services online in the past three months.<sup>1</sup>*



Which of the following types of financial instruments do you personally use and/or have experience with? (Please select all that apply)



Base: 1,027 consumers with experience with digital purchases and/or digital customer service

Source: A commissioned study conducted by Forrester Consulting on behalf of American Express, March 2017

<sup>1</sup>Source: "The State Of Consumers And Technology: Benchmark 2016, US", August 24, 2016, Forrester Research, Inc.

# Raising The Bar

## OVERVIEW

## SITUATION

## APPROACH

## OPPORTUNITY

## CONCLUSIONS

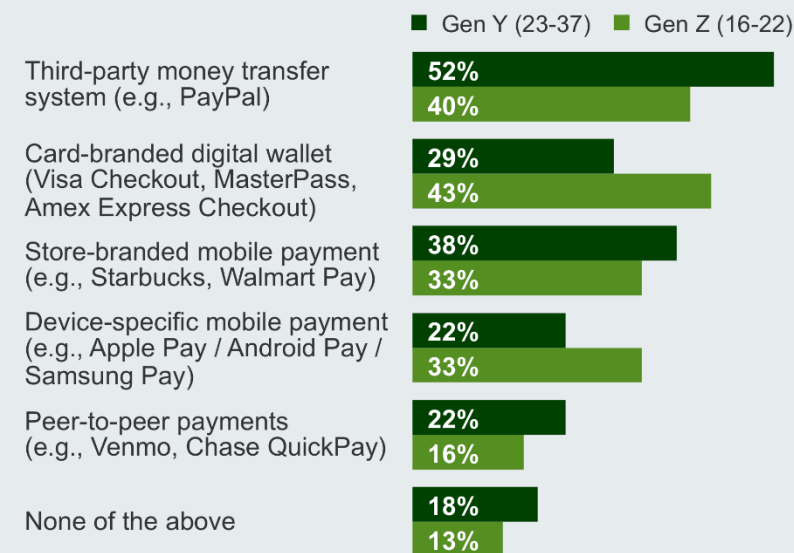
1 2 3

## Gen Z Is More Comfortable With Digital And Mobile Payments

Gen Z is more likely to use digital and mobile payments, indicating that this technology will become even more valuable for financial institutions that want to entice this younger demographic. Our study found that 43% have used a card-branded digital wallet, compared to only 29% of Gen Yers. Similarly, 33% have used a device-specific mobile payment method, compared to only 22% of Gen Yers.



### What types of digital/mobile payment methods have you used in the past three months? (Please select all that apply)



Base: 1,027 consumers with digital purchases and/or customer service experience

Source: A commissioned study conducted by Forrester Consulting on behalf of American Express, March 2017

# Raising The Bar

**OVERVIEW****SITUATION****APPROACH****OPPORTUNITY****CONCLUSIONS**

1 2 3

## Gen Z Expects You To Engage With Them On Their Terms

Gen Y relies on technology as much as Gen Z, in large part because they make more money and can afford the technology they like. But Gen Z uses technology much more intensely, accessing the internet and social media and streaming apps on a daily basis.

Gen Z is more accustomed to interacting with the world on their mobile phones and don't find it as invasive to receive texts, notifications, or offers from brands. In fact, they expect full mobile functionality across various apps in order to buy products, make payments, and interact with customer service. They also expect to be able to transact via social media. More traditional channels such as email and direct mail are still attractive to Gen Zers, but they expect that and more.

**How do you prefer to interact with brands or retailers when it comes to receiving offers, incentives, and sales notifications?**

**+100%**

More likely to prefer online chat

**+22%**

More likely to prefer in-app notifications

**+23%**

More likely to prefer social media

*Gen Z responses when compared with Gen Y*

# Raising The Bar

## OVERVIEW

## SITUATION

## APPROACH

## OPPORTUNITY

## CONCLUSIONS

1 2 3

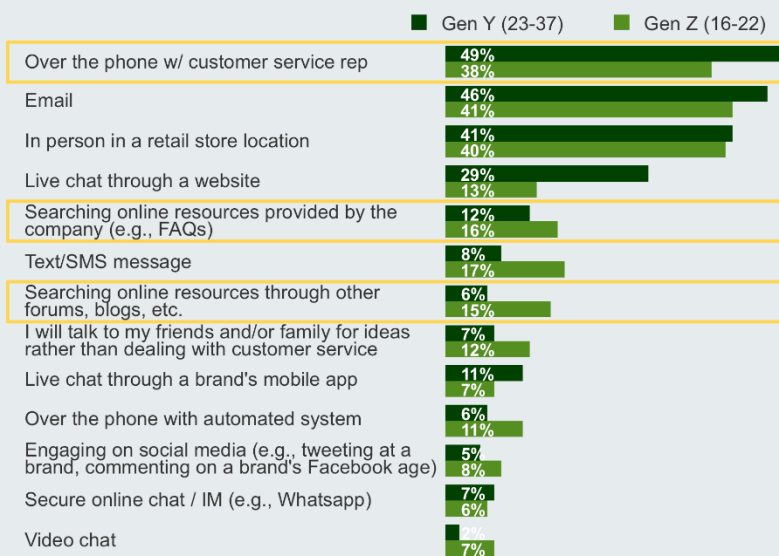
## They Expect Technology To Solve Their Challenges

The top methods of brand engagement — particularly in terms of dealing with customer service — are the same for Gen Z as they are for Gen Y: over the phone, via email, and in person. But Gen Z is showing an increasing proclivity toward adopting self-service and automated resources. More than twice as many Gen Z consumers ranked each “text/SMS messages,” “searching online resources through other forums, blogs, etc.,” and “over the phone with an automated system” in their top three preferred customer service channels. Brands must make these resources available in *addition* to — not instead of — existing engagement channels.

*55% of Gen Zers prefer to access product information digitally.*



When you have an issue with a product or service that you purchased, in what ways do you most like to resolve that problem? (Please rank up to your top three)



Base: 1,027 consumers with digital purchases and/or customer service experience

Source: A commissioned study conducted by Forrester Consulting on behalf of American Express, March 2017

# Raising The Bar

## OVERVIEW

## SITUATION

## APPROACH

## OPPORTUNITY

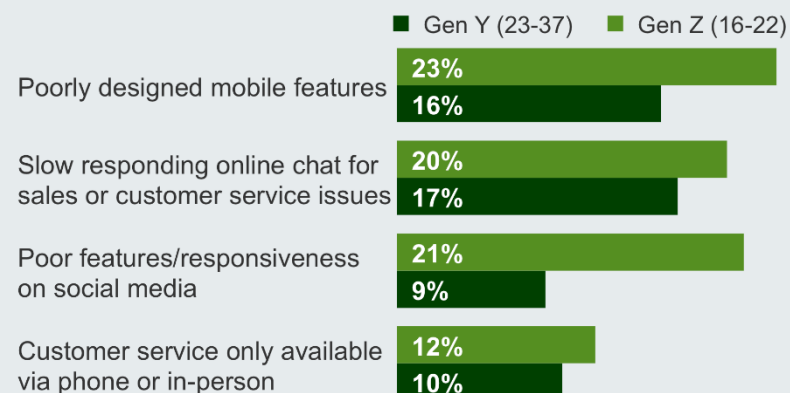
## CONCLUSIONS

1 2 3

## They Want It Now

While Gen Z and Gen Y share many of the same expectations for their interactions with brands, Gen Z is more likely to abandon a brand than Gen Y because of a slow response during online chat for sales or customer service issues; poor features/responsiveness on social media; and customer service that is only available on the phone or in person. Conversely, the features that they'd most like to see offer faster, on-the-go delivery of products and services. One of the hallmarks of Gen Z is the fact that they are accustomed to instant gratification, facilitated by their lifelong instant access to information. Our study validated that brands not able to meet this expectation find it hard to retain Gen Z customers.

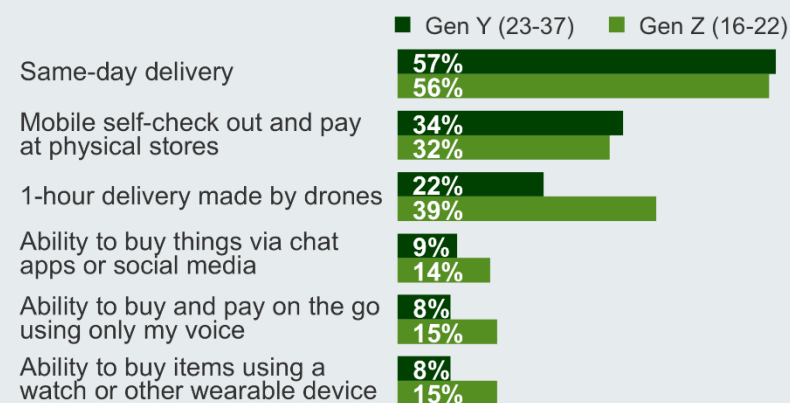
### Which of the following would most likely make you stop using a product, service, or brand? (Please select up to three)



Base: 1,027 consumers with digital purchases and/or customer service experience

Source: A commissioned study conducted by Forrester Consulting on behalf of American Express, March 2017

### What future capabilities would keep you most loyal to a brand, product, or service? (Select all that apply)



Base: 1,027 consumers with digital purchases and/or customer service experience

Source: A commissioned study conducted by Forrester Consulting on behalf of American Express, March 2017



## Raising The Bar

**OVERVIEW****SITUATION****APPROACH****OPPORTUNITY****CONCLUSIONS**

### Brands Must Double Down On Digital Transformation To Win, Serve, And Retain Customers

In many ways, Gen Y and Gen Z are the same. They both want digital experiences, have similar views of financial institutions, and expect both security and transparency. However, Gen Z demands add to the list of channels and services that brands should take into consideration.

A timely, personalized, secure, and entertaining experience is paramount. Gen Z is very open to new, emerging technologies, particularly those that speed up the process of getting what they need. Brands that want to win their business should be thinking about automation, express delivery, personalization, analytics, and elevating social media as a buying touchpoint in order to win, serve, and retain these customers.

**Social****Security****On-demand****Mobile****Privacy**

# Raising The Bar

**OVERVIEW****SITUATION****APPROACH****OPPORTUNITY****CONCLUSIONS**

## Conclusions

Gen Z is ushering in a new world order of empowered and entitled consumerism. Brands and customer support teams are working hard to keep up. As digital technology permeates all aspects of business, its distinction will eventually begin to dissolve. To capture Gen Z's attention, business leaders have to go beyond simply thinking digitally. They need to become customer obsessed and deliver experiences founded on the pillars of empathy and delivering utility such as immediacy, personalization, security, and entertainment.

## METHODOLOGY

In this study, Forrester conducted an online survey of 1,027 North American Gen Y and Gen Z consumers in the United States to evaluate their expectations for and interactions with brands. Survey participants included 50% males and 50% females from Gen Y (ages 23 to 27) and Gen Z (ages 16 to 22). Respondents were offered a small incentive as a thank you for time spent on the survey. The study was conducted in March 2017.

### ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit [forrester.com/consulting](http://forrester.com/consulting).

© 2017, Forrester Research, Inc. All rights reserved. Unauthorized reproduction is strictly prohibited. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, RoleView, TechRadar, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. For additional information, go to [forrester.com](http://forrester.com). [1-13UB0C3D]



### Project Director:

Mark Brozek  
Sr. Market Impact Consultant

### Contributing Research:

Forrester's eBusiness &  
Channel Strategy research  
group