

# TECH HABITS OF GEN Z: INCL IMPACT OF COVID-19

CANADA, JUNE 2020

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# OVERVIEW



## What you need to know

Seemingly overnight, Millennials have been replaced by another generation as the youngest adults in the market: Gen Z. But unlike past generational transitions, there has been an abrupt change in behaviour from one to the next – and technology is at the centre of it. While older generations have learned how to live in a digital world, adults (18-25 year olds) in Gen Z grew up in it and know nothing different.

Amid the COVID-19 crisis, Gen Z is better prepared than the average consumer in some ways, but more challenged in others. Their comfort with digital tech makes stay-at-home orders easier to adapt to since they were already using technology to pass the time and socialize. But their positions at the start of their careers while the economy experiences a recession means this pandemic could have an impact on this group that lasts longer than for any other generation.

Overall, the analysis in this Report shows how Gen Z is different from the generations before it – but also the ways in which they are inherently the same. Given tech's unique role in their upbringing, it is important to understand how they use digital technology and to understand what they want as consumers.

## Key issues covered in this Report

- The impact of COVID-19 on Gen Z and their usage and demand of tech
- The potential future challenges of a tech-savvy generation facing an unprecedented economic downturn as they are beginning their adult lives
- How smartphones have become the central communication and entertainment hub for Gen Z
- How the rapid growth of digital technology in the mid-2000s means that Gen Z's upbringing has been significantly different than even the generation before them, Millennials

This Report was written May 29, 2020, and updated on June 15 with the COVID-19 implications.

## Definition

This Report covers the tech ownership, usage and attitudes of Gen Z including social media habits. Gen Z is defined as follows:

- Gen Z: the generation born between 1995 and 2007. As Mintel Canada surveys only adults, this Report focuses on the habits of adult Gen Z, ie those aged 18-25.

# EXECUTIVE SUMMARY







GEN Z IS A UNIQUE GENERATION THAT IS GROWING ITS PURCHASING POWER EACH YEAR. MILLENNIALS WERE A FOCUS FOR YEARS, BUT THEIR UPBRINGINGS WERE MORE SIMILAR TO GEN X THAN GEN Z. THANKS TO THE RAPID INNOVATION TAKING PLACE IN THE MID-2000S, GEN Z'S YOUNG LIVES HAVE BEEN UNLIKE ANY GENERATION BEFORE THEM, WHICH IS HELPING TO SHAPE THEIR CONSUMPTION HABITS. THE RESULT IS THAT DIGITAL TECHNOLOGY IS AT THE CENTRE OF NEARLY EVERYTHING THEY DO ON A DAILY BASIS.

THE IMPORTANCE OF TECH IS AT ODDS WITH THIS GENERATION'S IMPACT FROM COVID-19, THOUGH. THEY HAVE BEEN PARTICULARLY HARD HIT IN TERMS OF UNEMPLOYMENT AND ARE DEALING WITH THIS CRISIS JUST AS MANY ARE STARTING THEIR CAREERS. TECH WILL REMAIN CENTRAL TO THEIR LIVES GOING FORWARD – IT IS ALL THEY KNOW – BUT THEY WILL BE FORCED TO MAKE DIFFICULT DECISIONS ABOUT WHAT TECH THEY NEED AND WHAT THEY CAN DO WITHOUT AS THE ECONOMY FORCES THEM TO TIGHTEN THEIR BUDGETS.

Scott Stewart, Senior Tech & Media Analyst



**Gen Z needs tech, but COVID-19 will make it harder to afford**

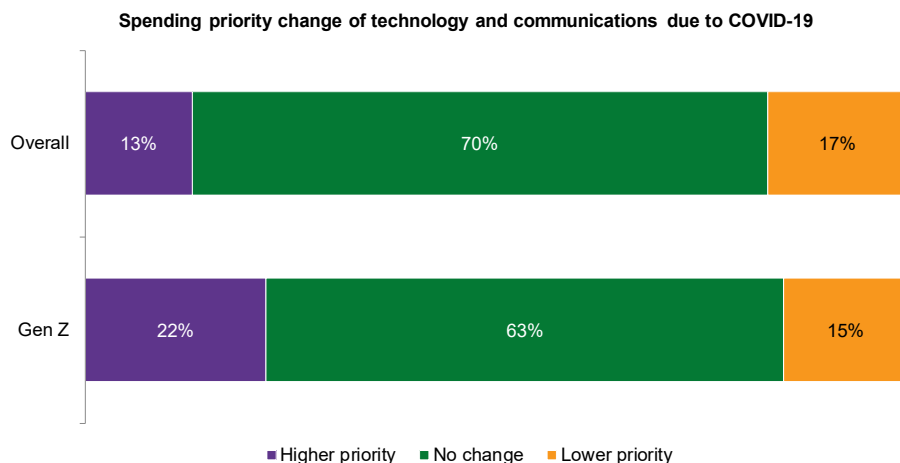
It comes as news to no one that digital tech is a very important part of Gen Z's lives. This Report goes into detail about how heavy their usage is of digital tech and how certain devices – like the smartphone – have shaped entire parts of their culture. But the COVID-19 crisis will inevitably force Gen Z to make some difficult decisions in this sector.

Even during the crisis, Gen Z has looked to tech to help them through. A quarter of them have actually put a higher priority on tech and communications as a result of the pandemic – which is significantly higher than average. But as much as they might prioritize tech, the truth is that this generation is facing – and will likely to continue to face – harsh economic realities as a result of lockdowns.

The result will be a head-on battle between the inherent demand this generation has for tech and the forced frugality that will be needed to make ends meet amid an unprecedented economy. The most likely outcome will be that Gen Z sacrifices some tech purchases so that they can afford

FIGURE 1: SPENDING PRIORITIES CHANGE: TECHNOLOGY AND COMMUNICATIONS, GEN Z VS OVERALL, MAY 2020

*“Due to COVID-19, how have your spending priorities changed for the following categories?”*



Base: 2,000 internet users aged 18+, May 21-29, 2020

Source: Lightspeed/Mintel, Intel's Global COVID-19 Tracker – Canada

to make others – meaning competition in this sector will heat up as brands battle to be the vital purchase that Gen Z needs to make, rather than the superfluous one that becomes the victim of budget cuts. At its core, the tech market is too important to

Gen Z to face major declines as a result of this crisis – but individual brands and categories will struggle more than others due to increased competition.

### Smartphones are the central tech device for Gen Z

There are a few metrics that highlight how important smartphones are to Gen Z. Nearly all of them own one (91%) and most of those owners have had one since they started high school (72%). Yet perhaps the most illustrative findings come from a look at the activities they engage in using these smartphones.

Most Gen Z smartphone owners use the devices for social media, music, short videos, instant messaging, video games and taking pictures of themselves. Meanwhile, about half use it for online shopping, video calls, reading the news and watching full-length TV shows and movies. They are actually more likely to carry out many of these tasks on a smartphone than on a personal computer. Considering those activities are generally easier on computers – with their bigger screens, keyboards and mice – these differences are true measures of how central smartphones are to Gen Z.

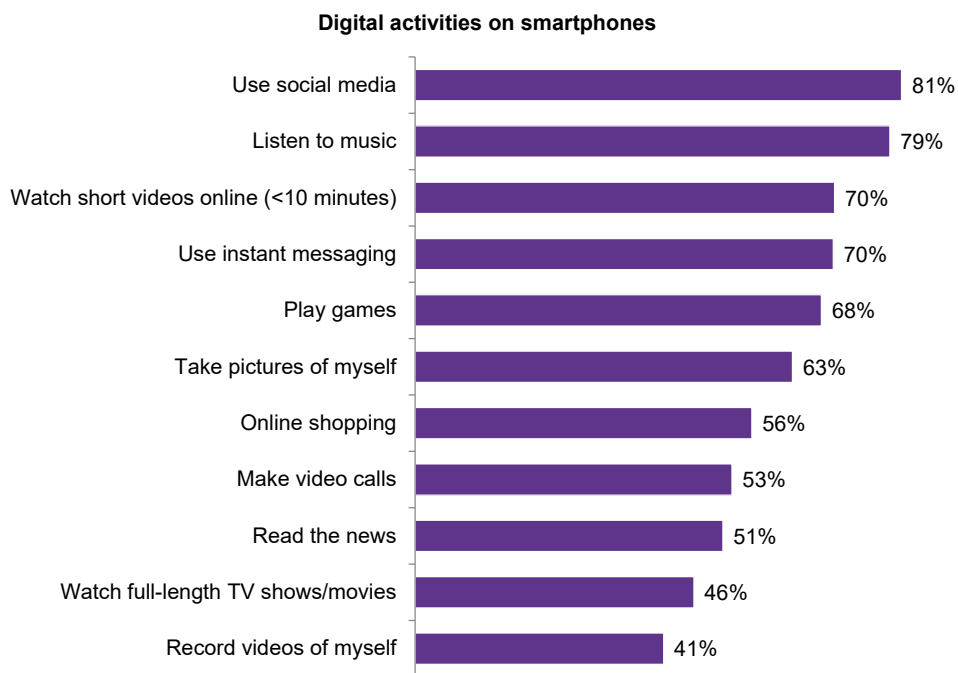
### Gen Z is a highly visual generation

Though digital cameras were never the main focus of smartphones, they have evolved to have enormous cultural relevance for Gen Z. Among those who have smartphones, 63% take pictures of themselves, 53% make video calls and 41% record videos of themselves. Furthermore, 42% say that they send a picture/video message to another person on an average day. All of these activities are heavily based on visual media – specifically the ability to use smartphone cameras to take and send pictures.

This affinity for visual content is reflected in their social media usage. There are three platforms that skew very heavily to Gen Z: Instagram, Snapchat and TikTok. The common theme across these three platforms is that they are highly visual-based. Instagram uses pictures and TikTok uses videos to create content feeds, while Snapchat is a visual-based messaging platform with built-in augmented reality camera filters.

FIGURE 2: SMARTPHONE DIGITAL ACTIVITIES AMONG GEN Z, MARCH 2020

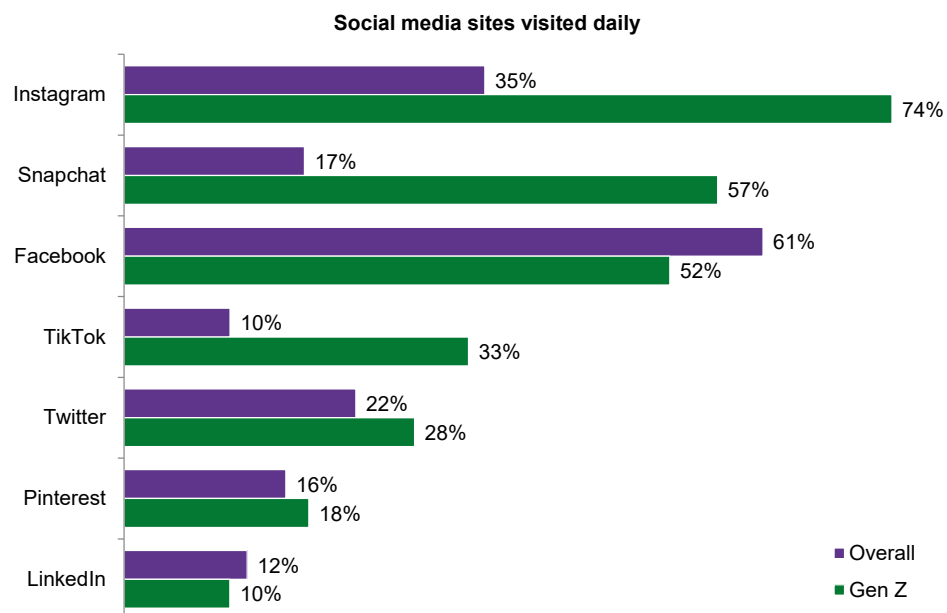
*“Which of the following activities do you regularly do on each of these tech devices? Please select all that apply per device.”*



Base: 457 internet users aged 18-25 who own a smartphone  
Source: Lightspeed/Mintel

FIGURE 3: SOCIAL MEDIA SITES VISITED DAILY, OVERALL VS GEN Z, MARCH 2020

*“How often do you visit the following websites?”*



Base: 2,000 internet users aged 18+  
Source: Lightspeed/Mintel

It is no surprise how central visual content is to Gen Z, considering they have grown up with screens and cameras within reach at nearly all times. But it also shows how unique this generation is as a result of the world they have grown up in. This evidence suggests that they look for different kinds of content than other generations – specifically, gravitating towards images over text – meaning marketers should be sure to include visuals in their messaging to Gen Z.

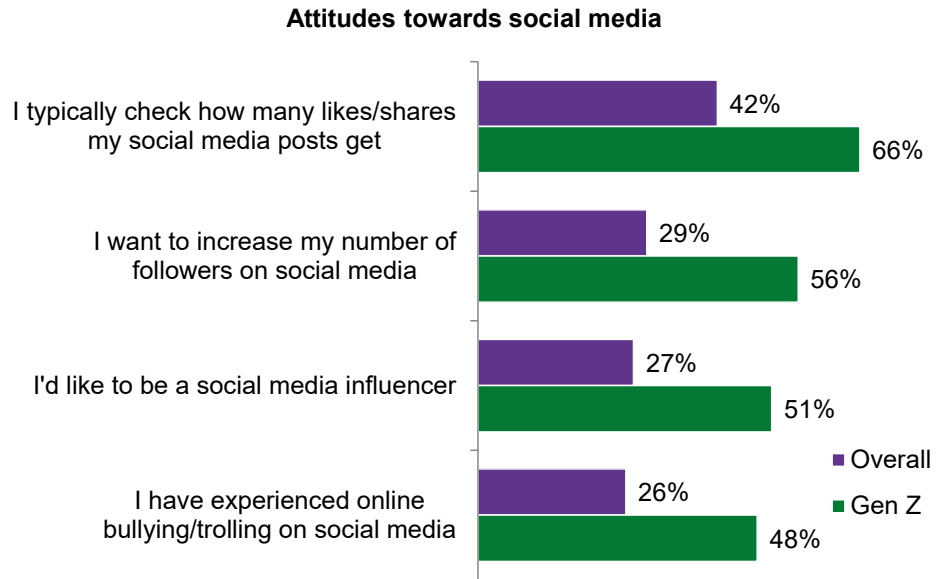
**Social media matters more to Gen Z than other generations**

Overall, social media usage is not entirely different between Gen Z and older consumers. For instance, 85% of Gen Z uses computers, tablets and smartphones to access social media – but that proportion is only slightly higher than the 77% of overall consumers who do the same thing. And while the research suggests that older consumers use different platforms (ie Facebook) than Gen Z, their general usage of social media is similar.

The biggest difference, though, is the degree to which these consumers are invested in social media. Compared to the average consumer, Gen Z is more likely to check how many likes/shares their posts get, attempt to increase their followers, aspire to become an influencer and have experience with bullying or trolling. So while older generations may use a platform like

FIGURE 4: ATTITUDES TOWARDS SOCIAL MEDIA, OVERALL VS GEN Z, MARCH 2020

*“Do you agree or disagree with each of the following statements about technology?”*



Base: 1,891 internet users aged 18+ who use social media  
Source: Lightspeed/Mintel

Facebook to check in with friends or pass the time, social media matters much more to most of Gen Z.

The key implication here is that marketers need to look past overall usage numbers to understand how Gen Z perceives social media. It also sheds light on some of the

realities that they experience on those platforms – such as the negativity of bullying or the stress of hoping a post gets enough likes and shares. Marketing initiatives that use social media channels to connect to Gen Z should therefore use communication that can help bring positivity to their feeds that they are so invested in.

### There are distinct differences between Gen Z and Millennials

Since Gen Z and Millennials are adjacent generations, the differences between them are the most meaningful way to understand what makes Gen Z unique. And because they are often conflated as “young people” in public narratives, it is also important to distinguish them.

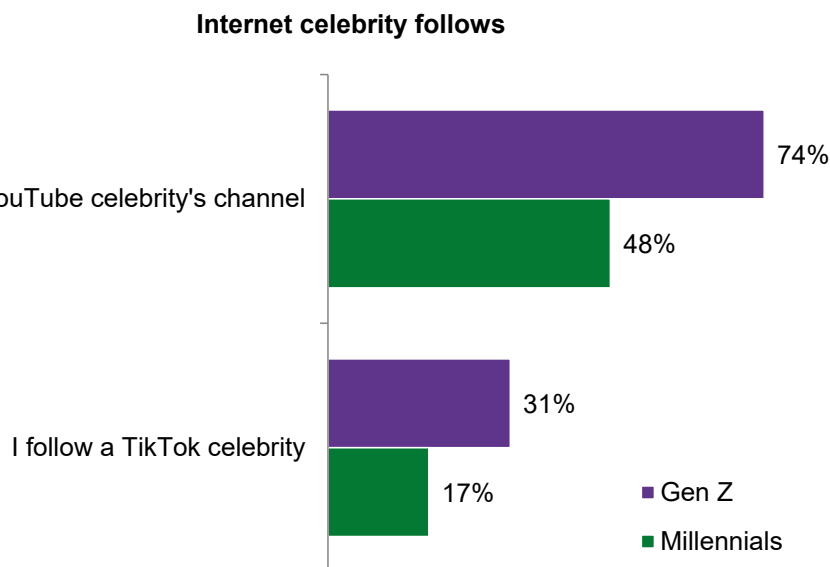
For one, their current life stages are significantly different from each other. Three quarters (72%) of Gen Z consumers are unmarried without kids – compared to just a third (32%) of Millennials. Furthermore, just 28% of Gen Z works full time, while seven in 10 Millennials have a full-time job (69%). In other words, Gen Z and Millennials are very different from each other simply because of their ages.

But a closer look at their tech habits indicates generational differences, too. While smartphones are nearly ubiquitous for both generations, 72% of Gen Z smartphone owners have had one since they started high school compared to just 28% of Millennials. Meanwhile, Gen Z is significantly less likely than Millennials to own a TV (63% vs 81%), tablet (44% vs 59%) or desktop computer (37% vs 49%).

Their media consumption habits are different too. Gen Z consumers are significantly more likely than Millennials to watch full-length TV shows and movies on their smartphones and personal computers – helping to explain their lack of demand

FIGURE 5: INTERNET CELEBRITY FOLLOWS, GEN Z VS MILLENNIALS, MARCH 2020

“Do you agree or disagree with each of the following statements about technology?”



Base: 1,156 internet users aged 18-43  
Source: Lightspeed/Mintel

for televisions (though video game console usage could ultimately help drive their need for TVs in the home). And online platforms are a major source of entertainment for Gen Z; three quarters of them follow a YouTube celebrity and a third follow a TikTok celebrity.

These stark differences illustrate how suddenly consumer habits have changed from one generation to the next. The nature of today's fast-paced, innovative digital

world means that one generation could have a completely different upbringing than people just a few years older than them. Gen Z's approach to tech devices and media consumption compared to Millennials simultaneously highlights the uniqueness of today's youngest adult generation and the importance of distinguishing these two as distinct generations; as Mintel's *Marketing to Gen Z – Canada, September 2020* Report says, “Gen Z are not Millennials 2.0.”

## What it means

Investigating an entire generation can be complicated; it is difficult to generalize an entire group of people based solely on their year of birth. Yet the research in this Report shows that there are unique tech habits that the majority of Gen Z have. And this is a group that is not only growing in size, but also purchasing power as they build their careers.

The common theme about this generation is that it grew up with digital tech and

can hardly remember a time before it. In the same way that Boomers, Gen X and Millennials would struggle to conceive of life without a TV at home, most of Gen Z would have similar difficulty picturing life without a smartphone. The result is a consumer group that is highly visual – thanks to constant access to screens and cameras – and one that is leveraging the internet for communication and entertainment more than any generation before them.

Of course, the COVID-19 crisis will have an impact on this generation – perhaps for

a very long time since it is taking place at such a formative point in their lives. But tech is so engrained for them that they will not shift away from it – in fact, they are the generation best positioned to leverage tech to deal with this crisis since they are so comfortable with it. Looking ahead, it is important for companies to strategize for Gen Z not just as today's young, tech savvy consumer – but also as tomorrow's homeowner, parent and primary household shopper. Just like Millennials before them, they will be driving the market sooner than later.

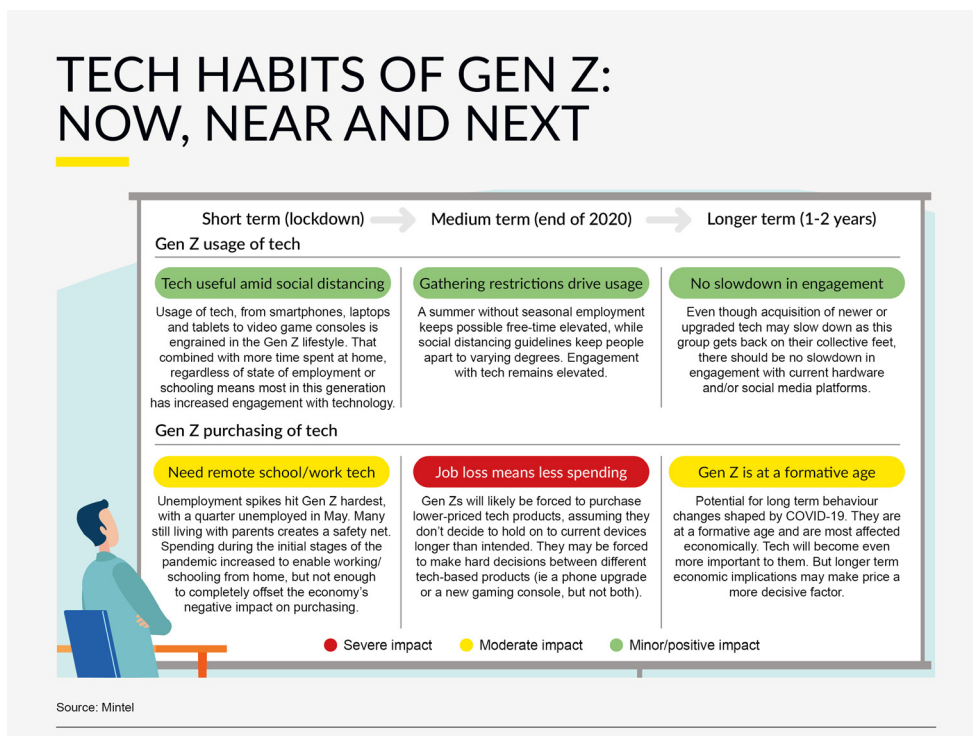
# The Impact of COVID-19 on Tech Habits of Gen Z

## Summary

The COVID-19 crisis is impacting Gen Z and their tech habits in a complex way. On the one hand, Gen Z's comfort with digital tech and their overall personality traits (eg generosity, community, willingness to change) mean that they are better prepared for the lockdown than older generations, including Millennials. Staying at home using social media, video calls and gaming to connect with friends is not new behaviour – it is quite simply, more of the same for these consumers. On the other hand, the economic fallout of this pandemic is hitting Gen Z harder than older consumers. Their unemployment rates are higher, they are entering a shrinking job market as they begin their careers and they have minimal personal savings to fall back on.

The good news for the tech industry is that using technology is so engrained in Gen Z lifestyles that it will not suddenly lose relevance; Gen Z cannot simply stop wanting smartphones, laptops and streaming subscriptions. But the fact is that there will be less money available to these consumers for tech purchases – meaning there will be a point where they have to make a difficult decision to not buy something they want. For brands in the sector, competition will ramp up in the months and years ahead as they all battle for the attention of a consumer group that lives on digital tech, but can no longer afford to have it all.

FIGURE 6: SHORT, MEDIUM AND LONGER TERM IMPACT OF COVID-19 ON GEN Z, MAY 2020



Source: Mintel

## Opportunities and Threats

### Despite challenges, this generation is the most prepared for staying at home

The COVID-19 lockdowns have made virtual tools more useful than ever – and Gen Z's familiarity with them makes them the most comfortable with that change in lifestyle. For instance, this Report found that prior to the COVID-19 crisis, Gen Z was significantly more likely than the average consumer to make video calls (59% vs 42% overall). And according to Mintel's *Global COVID-19 Tracker – Canada, April 13-17, 2020*, 28% of consumers said they were playing more video games as a result of the pandemic – but nearly all Gen Z were already gamers and were twice as likely as average to play online (see Mintel's *Esports and Gaming – Canada, March 2020* Report). Furthermore, findings from this Report show that social media plays a bigger role in their day-to-day lives – so at a time when everyone is being told to stay at home and connect with others virtually through video calls, gaming and social media, Gen Z is simply doing more of what they are used to rather than adopting entirely new behaviours.

### Gen Z value community and generosity

Gen Z's values align with how many brands are responding to the current crisis. According to Mintel's *Marketing to Gen Z – Canada, September 2019* Report, Gen Z consumers are more likely than others to say that generosity and sense of community are among the most important values that Canadians should have. With governments putting significant funds towards supporting the unemployed and charitable causes during the pandemic, Gen Z's affinity to want to feel part of a community and being generous are characteristics that will resonate at this time.

*Mintel's Global Trend Drivers track seven fundamental catalysts of consumer choice and change. These drivers and underlying pillars can help explain the key behavioral changes likely to impact consumers in the years ahead. Mintel's Trend Driver **Surroundings** is particularly relevant here as it highlights how important it is for consumers to feel connected to their external environment. Similarly, the **Identity** Trend Driver shows how consumers look to understand and express themselves and their place in society. Both of these drivers will be especially salient for understanding Gen Z at this time.*

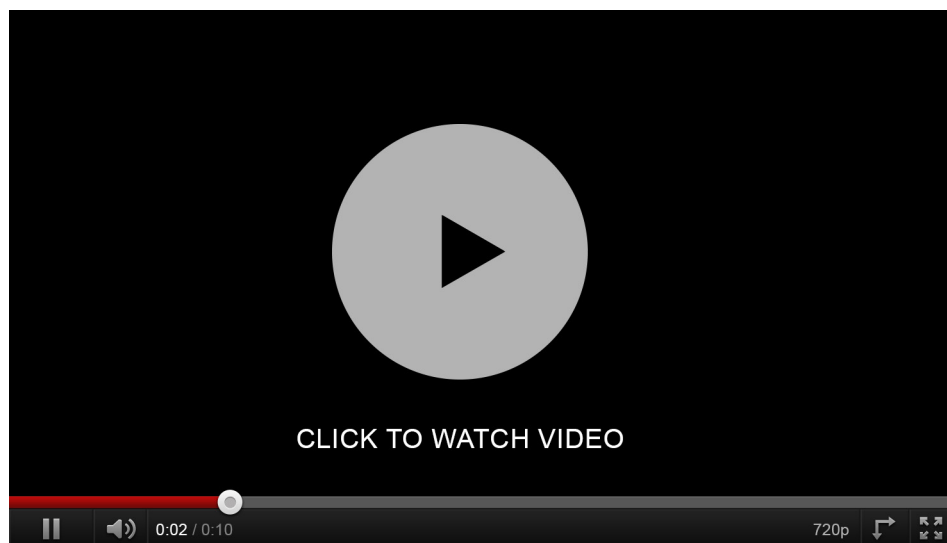
This generation's attitudes around community and generosity means that brands should consider how their own values and strategies can align with what Gen Z want brands to do during the pandemic – whether this is through charitable donations for brands able to do so, contributing to the actual fight against COVID-19 (eg repurposing production to make PPE, using apps to help contact tracing) or finding ways to support small community businesses that sell their products. Using these approaches to connect with Gen Z, brands can make the best of a bad situation by responding to the unique behaviours and attitudes of Gen Z that can help them through this crisis.

### Tone will be particularly important in marketing messaging

As discussed later in this section, Gen Z employment has been hit particularly hard by the COVID-19 crisis. While that will obviously have an effect on their ability to spend money in the tech sector, it also has broader implications for how to communicate with them. In particular, since they are going through such a difficult time in their lives right now (and do not yet have as much life experience to know that they will weather this storm), messaging needs to be sensitive to the economic challenges being faced by a generation that relies so much on technology as part of their lifestyle.

Perfectly acceptable ads directed to Gen Z consumers, pre-COVID (ie having the most advanced products, and along with it higher price tags) may appear tone deaf with are likely not going to resonate right now or in the near future. In today's world, with money suddenly tighter as a result of economic downturns, a focus on "bigger is better" or "having the latest and greatest" in regards to tech hardware may create a disconnect between the message and the realities of the market. The following ad from Samsung that came out during the crisis is a good example of how tech brands can pivot to a more relevant message.

FIGURE 7: STAY APART, STAY TOGETHER | SAMSUNG, APRIL 2020



Source: YouTube – Samsung Canada/Mintel

### Budget-friendly tech will become more relevant

As part of Mintel's *Value* Trend Driver, **Budget** and **Premium** are two important pillars for consumers. Two thirds (70%) of Canadians say they have a budget that they try to stick to – while 41% say that they tend to buy the premium version of a product. The disparity between budgets and demand for premium products should grow even larger in the months ahead as unemployment takes its toll on disposable income. This is especially true for Gen Z consumers who use technology more, but now have higher unemployment and less personal savings to fall back on since they are still so young.

Though they were created long before the COVID-19 crisis, new products from Apple and Samsung illustrate how leading tech brands can remain relevant amid challenging economic times. In April 2020, Apple launched its iPhone SE – a budget-friendly smartphone priced at \$599, nearly \$400 less than the iPhone 11. In this Twitter ad for the phone – promoted after a month of COVID-19 lockdowns – it literally says, “Less to spend”, which highlights how Apple is adapting its messaging and leveraging this lower-priced device.

According to Mintel's *Smartphones – Canada, May 2019* Report, 66% of Gen Z smartphone owners say they typically get a new phone every two years or so. That behaviour may change as their budgets tighten – but the fact that so many are on a two-year cycle means that it will not be long before they want a new phone simply as a force of habit. The iPhone SE answers that need by providing a brand new phone with up-to-date innovations, but in an affordable package that lets consumers feel good about saving money.

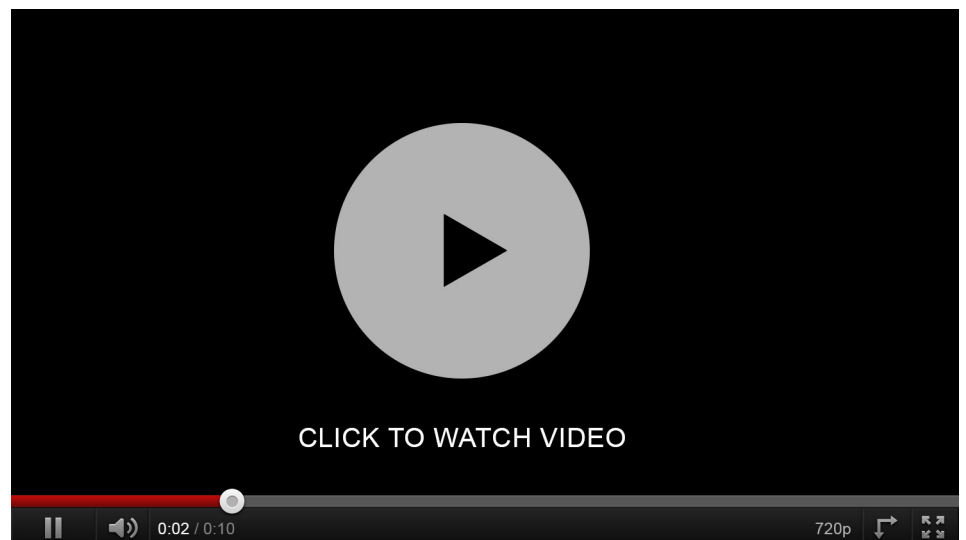
Samsung's Galaxy A51 (\$479.99) is similar to the iPhone SE – it gives consumers a chance to get a leading brand name at an affordable price. Samsung's Galaxy A product line has been producing these entry level phones more consistently than Apple in the past, but it is particularly relevant now. And its advertising messaging has clearly been aimed at a younger Gen Z target.

FIGURE 8: APPLE TWITTER POST, APRIL 2020



Source: Twitter – Apple/Mintel

FIGURE 9: GALAXY A OFFICIAL LAUNCH FILM: AWESOME IS FOR EVERYONE, DECEMBER 2019



Source: YouTube – Samsung/Mintel



Last year, Google launched the Google Pixel 3A (\$549) for approximately half the price of its flagship smartphone, the Pixel 3. Today, the Pixel 4 has already launched and there are rumours of a 4A coming to market; this is further evidence that smartphone companies were already planning to create budget-friendly products, and are now well positioned for a post-COVID market. Even aside from smartphones specifically, Google’s Chromebooks are designed as a simplified, budget-friendly alternative to Windows and Apple laptops. With back to school shopping for Gen Z only a few months away, Chromebooks will benefit from a greater focus on price.

Furthermore, companies in the telecom sector will also need creative solutions to drive demand amid an economic recession. As mentioned above, most Gen Z consumers operate on a two-year cycle for their smartphones, but they will likely be hesitant to upgrade with such frequency as budgets tighten. Therefore telecom brands will need to consider more subsidization of devices to motivate upgrades, or else provide service perks (eg higher data limits) to go along with new device activations.

Looking ahead, expect more of these tactics from tech brands. Especially when it comes to Gen Z, there is a built-in demand for new tech since they have grown up with it. The realities of a struggling economy mean that disposable income will be harder to come by, but a generation that grew up with new tech all around them will not be able to suddenly curb their demand for it.

The opportunity for brands is to strike a balance between the pillars of **Premium** (ie the demand for premium products) and **Budget** (ie the need for prudent budgeting); the companies that can thread the needle between those disparate factors will be in the best position to succeed.

**Impact on the market**

**Tech brands and categories will be forced to compete for fewer dollars**

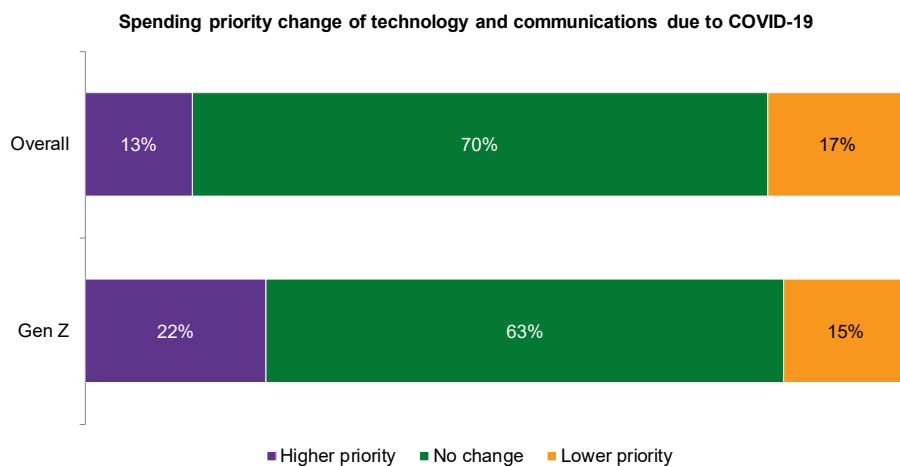
The tech market finds itself at an interesting crossroads with respect to Gen Z. On one hand, as is discussed below, the economic challenges resulting from COVID-19 will have a direct impact on this generation –

perhaps for years into the future. But at the same time, technology is a central part of this consumer group’s life – more than any other generation. These two diverging factors will have to come to a head at some point, resulting in a highly competitive tech market as brands battle for dwindling disposable income.

The complex demand for tech products is reflected by findings from Mintel’s *Global COVID-19 Tracker – Canada, June 18-27, 2020*. According to that research, Gen Z consumers are significantly more likely than the average consumer to put a higher priority on tech and communications spending as a result of COVID-19.

FIGURE 10: SPENDING PRIORITIES CHANGE: TECHNOLOGY AND COMMUNICATIONS, GEN Z VS OVERALL, JUNE 2020

“Due to COVID-19, how have your spending priorities changed for the following categories?”



Base: 2,000 internet users aged 18+, June 18-27, 2020  
 Source: Lightspeed/Mintel, Mintel’s Global COVID-19 Tracker – Canada

Their prioritization of tech has also waned in the shorter term. Between April 24-30, 32% of Gen Z consumers said they were putting more of a higher priority on tech spending – meaning the 22% who prioritized it two months later is a noticeable decline. This is further evidence of the internal conflict this generation is dealing with; they want tech products but are coming to terms with the reality of a sudden, unprecedented economic disruption.

The result is that the tech market will become highly competitive – with products and services in seemingly unrelated categories battling each other for Gen Z's dollars. For instance, Deloitte predicts that global smartphone sales will decline by 10% in 2020. Yet Mintel's research found that significant proportions of consumers have spent more money on video games, streaming services and some digital hardware (eg tablets, computers) as a result of the crisis. In other words, the gains in some areas will come at the expense of others. For instance, they might forgo their usual two-year upgrade on their smartphone so they can afford to buy the new PlayStation 5 later this year. Or they could be forced to decide between spending \$100 on a portable Bluetooth speaker or a pair of wireless headphones since they can no longer afford to have both. Gen Z cannot ignore tech because it is intrinsically part of who they are – but they will be required to make some of these difficult decisions. Companies will need to start marketing their products and services not just as the

best within their category, but as justifiable expenditures overall.

### How the crisis will affect key consumer segments

#### **Those still living at home with their parents may need to extend their stays**

According to findings from this Report, nearly half of Gen Z (45%) lives with their parents – meaning many Gen Z consumers still depend on their parents financially and that could continue for longer as a result of this crisis.

The job market has taken a significant hit as a result of COVID-19 and there is a major threat to the employment prospects of Gen Z as they look to establish their careers. Assuming many of those still living with their parents are doing so in anticipation of moving out once they get adequate jobs, this shock to the labour market means they will have to wait longer to get on their feet.

This is important for the tech market because it means less demand for certain devices and services. If Gen Z lives with their parents for longer than expected, that means that they can continue to share their digital products and services – such as streaming subscriptions, TVs and computers. As a result, the tech market will likely see fewer first-time buyers of necessary at-home hardware and services in the short and medium term when these

consumers extend their stays at home with mom and dad. In response, it will be beneficial for brands to position their products to Gen Z as a way of getting their own time and space in homes with lots of other people – such as headphones or handheld gaming devices.

### How a COVID-19 recession will reshape Gen Z's tech habits

#### **Long-term impact on Gen Z employment opportunities could impact tech demand**

While the COVID-19 crisis is having a major impact on the entire market and economy, Gen Z may be facing unique challenges because of their current age. According to data from this Report, only 28% of adult-aged Gen Z currently has a full-time job, while 51% are post-secondary students and 9% are still in high school. That means that the majority of this generation has not yet started their careers – and even those who have are still in the very early years.

The challenge is that the recession that comes out of this crisis could have a disproportionate effect on this generation's long-term prospects. According to Statistics Canada, overall unemployment hit 13.7% in May. For the sake of comparison, the highest that rate got during the financial crisis a decade ago was 8.7% during the summer of 2009; this is uncharted territory for Canada's economy.

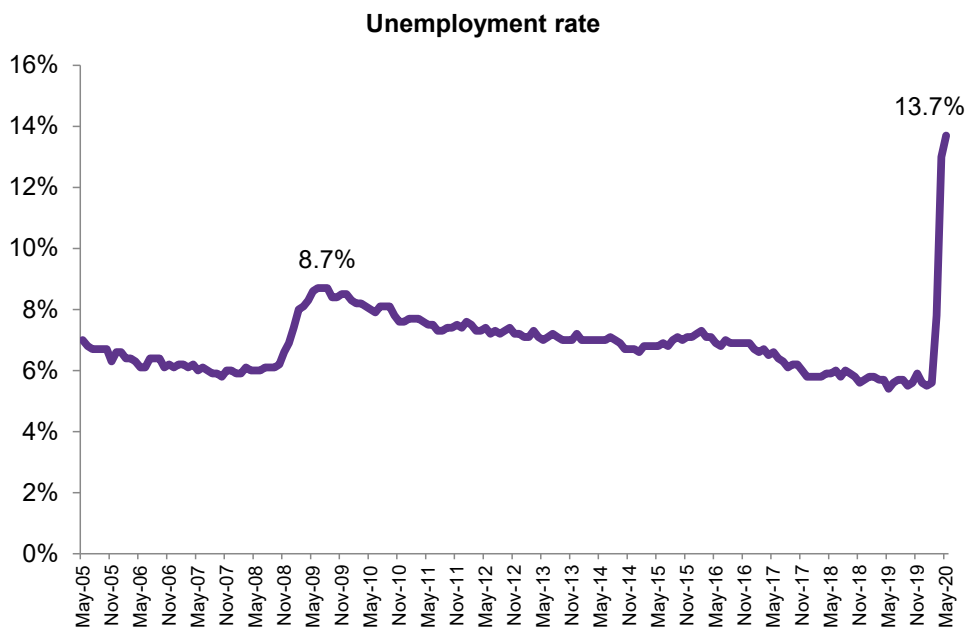
Among 20-24 year olds, unemployment soared from 8.2% in February 2020 to 14.9% in March and reached 26.7% by May – partly driven by the fact that they are more likely to work part-time (36% work part-time vs 13% overall) and be unable to work from home in the same way some full-time workers can. In comparison, the peak unemployment for 20-24 year olds during the financial crisis was just 13.4% in July 2009 – meaning the worst employment month for Millennials was just half of what it is for Gen Z today.

This has two negative impacts on this generation. In the short term, such a surge in unemployment means that they have less disposable income for purchases in the tech category and may struggle to make enough money for their tuition (for the 60% who are students) – meaning they either go further into debt or else stop attending school. According to a Statistics Canada survey, from April 22 to May 1, 46% of post-secondary students were very/extremely worried about paying next term's tuition and 47% were very/extremely worried about incurring more debt. If they cannot even afford to go to school, tech purchases will certainly become a lower priority.

Longer term – assuming the economy does not experience a quick bounce back – they will be entering a job market where many companies are making cuts rather than looking to expand. Combined with the possibility of increased student debt loads as a result of the current crisis – or even an incomplete degree/diploma if they have to quit school – there is reason to believe that COVID-19 could have a long-lasting impact on this generation's disposable income and purchasing power.

As important as tech is to this generation, their financial realities may be challenging enough to curb their spending behaviours. This could put a strain on their willingness to subscribe to monthly services – a particular threat to the cable/satellite TV industry that is already struggling to attract young

FIGURE 11: CANADIAN UNEMPLOYMENT RATE, MAY 2005-2020



Source: Statistics Canada/Mintel

customers. Or it could force them to value price to a greater degree when making a tech purchase (manifested by trading down), or else stretch the lifetime of a device like a smartphone longer than usual in order to save money.

Although this crisis is difficult for everyone, it is taking place at a formative time for Gen Z. For that reason, it will likely have more significant longer term effects on them relative to other generations. Looking ahead, the brands that can find a way to give Gen Z the tech they need in a way that fits their economic challenges – such as lower prices, products that extend the life of their current devices (eg protective screen coverings or cases), longer product lives or appealing options when trading down products/services is required (eg streaming vs cable/satellite TV) – will be the ones that have the best chance to succeed as the economy rebounds.

## COVID-19: Canadian context

*This update was prepared on June 15, 2020.*

*The WHO (World Health Organization) declared COVID-19 as a pandemic leading to school closures across all provinces and limitations on non-essential travel starting on March 13<sup>th</sup>, 2020. The various provinces have seen varying impact in the rise of cases leading to slight differences across the country, ordering the closure of non-essential businesses at slightly different times. On March 23<sup>rd</sup>, Ontario and Quebec became the first provinces to mandate this action with other provinces following suit shortly thereafter. In May, some provinces started to loosen lockdown restrictions, permitting businesses to open and larger social gatherings.*

*At the time of writing, the number of confirmed cases in Canada reached 99,070 cases as of June 15<sup>th</sup>.*

# THE MARKET



# What You Need to Know



## Teenage years play an important role in shaping adult behaviours

A major reason why Gen Z is so different than Millennials and older consumers is that their upbringings took place at a unique time. Multiple scientific studies have determined that teenage years are particularly impactful on forming long-term adult behaviours. Therefore, many of the generational differences observed throughout this Report can be connected back to how rapidly digital tech evolved in the mid-to-late 2000s when Gen Z was in their formative years.

## Gen Z is a smaller generation than Millennials

In terms of population, Gen Z is smaller than both Millennials and Boomers. Today, since only about half of Gen Z is over the age of 18, they only account for 12% of Canada's adult population – while including the younger parts of the generation in that number brings their share to 22%. Nevertheless, even including that larger number that they will soon reach, it is a smaller group than both Millennials and Boomers – meaning they may never reach the peak purchasing power of either of those groups.

## Gen Z is an ethnically diverse generation

The Gen Z consumer group is more diverse than other generations. They are less likely to identify as European and more likely to identify as Asian, African or Caribbean. This means that they are not only more diverse due to their upbringings in different cultures, but that at a broad level they grew up among a more diverse collection of peers. This is further evidence of why this generation is different than ones before it – because their earlier years have been unlike those of older Canadians.

## Housing costs will impact Gen Z differently than Millennials

Though seemingly unrelated, it is possible that Canadian housing market trends could impact the long-term demand of tech products for Gen Z. After years of rising house prices, it is significantly more expensive to buy a home today than it was when Millennials were at a similar age. The result is that Gen Z may be forced to buy smaller homes, to move further from major cities or to live at home with their parents longer. And since one's living situation is closely tied to the types of tech they need, this macro trend could have a real impact on this market.

## Anxiety and loneliness are higher among Gen Z

Multiple studies in Canada and the US have been carried out and found similar results: Gen Z is more likely to suffer from anxiety and loneliness than past generations. It is possible that some of this anxiety and loneliness has actually been created by digital technology – such as social media – but the important next step for the industry is finding ways to help. Knowing that Gen Z is facing unique challenges in terms of mental health, marketers should focus on ways to bring connectivity, positivity and stress relief to them in their messaging.

# Market Factors

## Teenage years play an important role in shaping adult behaviours

A foundational assumption in this Report’s analysis is that many of Gen Z’s unique habits, behaviours and attitudes are the result of their upbringing. This assumption is based in studies on the topic. For instance, a *BBC* report stated, “*long-term studies show that the traits that appear in our teenage years are predictive of a wide range of outcomes in life*”. A more specific example comes from a *New York Times* article that studied Spotify data. It used music data to determine that men typically find their favourite song/music between the ages of 13 and 16, while women do it slightly earlier, between 11 and 14. *New York Magazine* did a broader analysis on the subject and – without getting too far into scientific detail – experts found that there are physiological reasons that teenage years are so formative and influential.

For this reason, it is fair to assume that today’s Gen Z consumers have been shaped by the world they grew up in. The oldest Gen Z consumers (ie today’s 25 year olds) turned 13 in 2008. According to Facebook’s website, it already had 130 million users by the end of 2008; it surpassed MySpace as the leading social media site a year later, according to *PC Mag*. Apple had already released its second generation iPhone by 2008, the iPhone 3G. Netflix launched streaming capabilities in 2007 and by 2008 was available on Xbox 360, TV set-top boxes and Blu-Ray players. Saturday Night Live’s “Lazy Sunday” sketch came out in 2009 and suddenly turned YouTube into a legitimate entertainment streaming option. In other words, what older adults still think of as innovations that they witnessed in the recent past were

established products and services from the perspective of Gen Z. Furthermore, these examples highlight how rapidly the digital landscape changed in a few short years – right in the middle of Gen Z’s childhood.

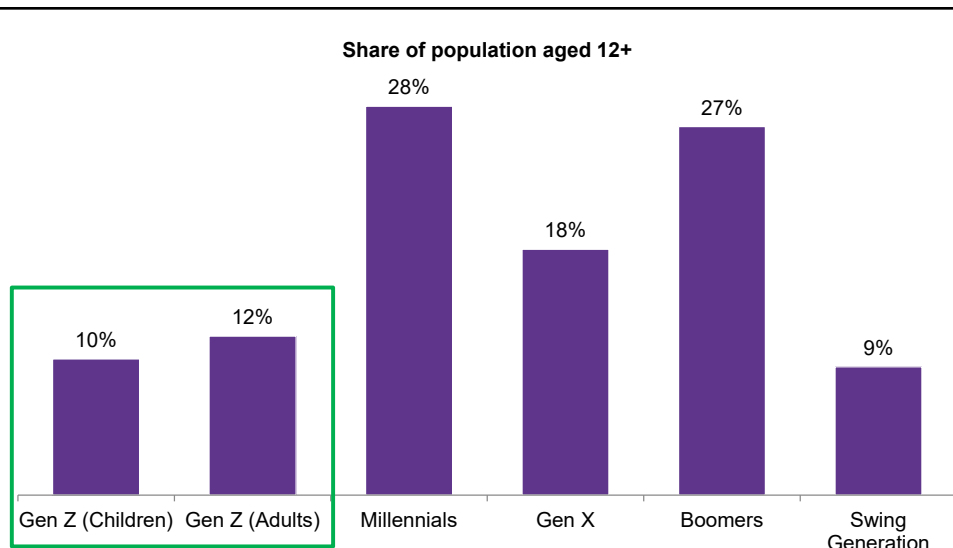
The combination of these factors – the psychological importance of teenage years and the major developments in the mid-to-late 2000s – are building blocks for the rest of this Report. Gen Z is not inherently different than older generations at a personal level – but their formative years were extremely different than anything before them. A Millennial and Gen Xer could compare high school experiences and find more similarities than differences – but both would struggle to relate to the tech Gen Z had when they came of age. For that reason, much of the unique habits, behaviours and attitudes of Gen Z discussed in this Report can be traced back to their upbringing at a time when digital tech was changing the world at a swift pace.

## Gen Z is a smaller generation than Millennials

Throughout this Report, Gen Z is defined as today’s 18-25 year olds. But the range of Gen Z extends all the way to those born in 2007 – meaning there are some Gen Z individuals who are still children. In either case, with this Report focusing on Gen Z, it is important to understand the size of their population relative to others.

Today, Gen Z represents 12% of the total adult population – which is about half of the 30% that Millennials account for. Taking a step back and including the portion of Gen Z that is still under the age of 18 – but who will inevitably be part of the Gen Z adult consumer base in the years ahead – this generation represents 22% of the population. That proportion is still smaller than both Millennials and Boomers, but larger than the Gen X cohort.

FIGURE 12: SHARE OF CANADIAN POPULATION AGED 12 YEARS AND OVER, JULY 2019



Source: Statistics Canada/Mintel

Throughout this Report, it will be important to keep these figures in mind. Specifically, Gen Z adult consumers are a relatively small group today – but they will grow in size every year until 2025. At the same time, though, even at their peak they will be smaller than Millennials – which means they may not receive the same attention as sizable generations like Millennials and Boomers in the past. The analysis of this Report will focus on what makes Gen Z unique – as well as what is similar to older generations – but these proportions put their role into perspective. In other words, they are an important, growing adult generation – but likely will not attain the aggregate purchasing power of either Millennials or Boomers based simply on the fact that there are fewer of them.

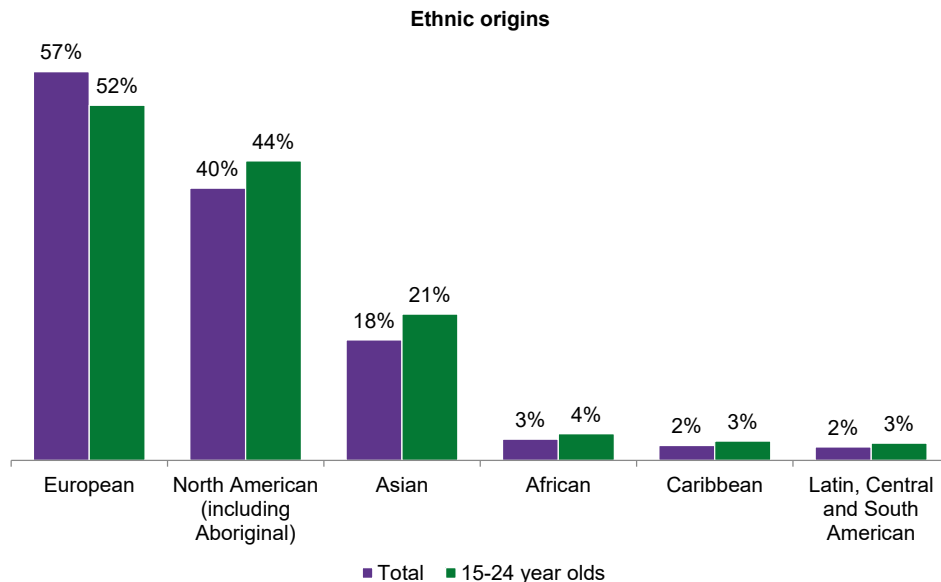
### Gen Z is an ethnically diverse generation

The differences of Gen Z compared to the average Canadian consumer are not just driven by their age and the era they grew up in. It is also the result of a generation that is more ethnically diverse than the rest of the country.

Statistics Canada's 2016 census found that 15-24 year olds are less likely than average to identify as European, while more likely to identify as North American or Asian. Even smaller ethnic populations within Canada are larger among these younger consumers; African, Caribbean and Latin, Central and South American origins are more common among 15-24 year olds than average.

This ethnic diversity can have broader effects – such as the personal values of a generation that grew up with this level of multiculturalism – as well as some very specific impacts on the tech industry. For instance, data from this Report found that Asian Gen Z consumers are significantly less likely than average to own a TV (50% vs 63% of overall Gen Z). Though this is just one example of one ethnicity's difference in

FIGURE 13: ETHNIC ORIGINS, 2016 CENSUS



Source: Statistics Canada/Mintel

single category, it highlights how increased diversity within a generation can ultimately have real impacts on the tech market.

### Housing costs will impact Gen Z differently than Millennials

Canadian real estate prices have been on the rise for well over a decade now, according to the Canadian Real Estate Association (CREA). But because that growth has continued for so long, it will likely affect Gen Z differently than it has other generations, including Millennials. According to *The Globe and Mail*, the average price for a Canadian home on the resale market was \$222,702 in 2003 – when the oldest Millennials were 26 years old (ie similar age to today's Gen Z). Today, CBC reports that the average Canadian home price hit \$504,350 in January 2020 – which is a 126% increase. But according to Statistics Canada, household incomes have not kept up with that pace. From 2002 to 2018, the real median income in Canada only increased by 19%. Put simply, it is significantly more expensive to buy a home

today than it was for Millennials when they were first entering the market – which could ultimately impact the tech market.

This could materialize in different ways for Gen Z. It is possible that in reaction to these higher prices, they opt to live in smaller homes – essentially trading off square footage for affordability – which would mean they could have more demand for devices like portable speakers and laptops instead of stereo sound systems and second TVs. Alternatively, they may look for more housing outside of city centres – trading off location to retain square footage – making more of them suburban dwellers. But the result would then be an increased demand for tech devices and media services to keep them entertained on longer commutes into the city. Or else they may decide to stay at home with their parents for a longer time in order to save up money – meaning they could use their parents' tech instead of needing to buy their own and therefore have less demand even though they are a tech savvy generation.

At this point, it is difficult to predict exactly how the housing market will impact the tech market for Gen Z; after all, nearly half of them are still in high school and could be a decade away from even thinking about home ownership. And with the expected price declines as a result of the COVID-19 economic downturn, homes may become more affordable for those who can find adequate employment. But the above examples highlight how two seemingly unrelated things – housing price trends and demand for consumer tech – can ultimately be connected. As companies navigate their strategies around Gen Z, they should consider macro trends like this as a way of predicting how that generation may be different than ones before them.

### Anxiety and loneliness are higher among Gen Z

There is reason to believe that the mental wellbeing of Gen Z is unique compared

to older generations – especially when it comes to anxiety and loneliness. According to The Toronto Star, a 2017 CAMH study found that symptoms of anxiety and depression in teenagers jumped by 15% compared to just four years earlier; in other words, there is evidence to show that Gen Z is experiencing more anxiety and depression than older people, including Millennials. And Huffington Post reported on a US study that indicated Gen Z is the loneliest generation – even compared to seniors over the age of 72.

These trends are consistent with the findings in Mintel's *Marketing to Gen Z – Canada, September 2019* Report. According to that Report, "*Greater exposure [to public platforms like social media] is also leaving the generation more vulnerable to mental health issues as digital connectivity is now linked to increased feelings of loneliness, isolation, and depression.*" These conclusions are particularly relevant

for this Report because it suggests that not only is Gen Z unique compared to other generations – but that their differences may be driven, at least in part, by digital technology.

This Report looks further into the way Gen Z uses and thinks about social media compared to older generations (see Social Media Activities section). Nevertheless, these findings highlight a measurable way that Gen Z is different on a generational level – not just because of their young age. These studies have found that at the same point in their lives, Gen Z is more anxious and lonely than past generations. As a result, tech companies should operate with the knowledge that this generation will be in particular demand of ways to make genuine, positive social connections with others – and that tools that can promote mental health and relaxation to combat anxiety could be uniquely valuable to these consumers.



# KEY PLAYERS



# What You Need to Know

## Certain digital brands are particularly successful with Gen Z

Some tech brands are already standing out among Gen Z. Apple is a 44-year-old company yet its iPhone and iPad both skew heavily to these young adults. At the other end of the spectrum, a relatively new brand like Uber has found a way to outperform its rivals in rideshare (ie Lyft) and food delivery (ie Foodora) and establish itself as a commonly used brand among Gen Z. These examples show that certain brands have already gotten a head start with this generation and have positioned themselves well to maintain loyalty with Gen Z in the future.

## Subscription models show Gen Z can provide constant revenue stream

The fact that Gen Z has grown up in a world of Netflix and Spotify instead of Blockbuster and HMV means that media streaming services are the norm rather than an innovation. Since they are so familiar with these services, they are comfortable with the subscription models they offer – forgoing investing in personal collections so that they can have unlimited access to content. For media companies, this is an opportunity to lock in monthly revenue from this generation for years to come rather than depending on individual product sales like for past generations.

## Gen Z uses their tech savvy to access free content

Although this generation's digital tech proficiency makes them an attractive target for tech and media brands, it also poses a challenge. Their familiarity with different types of media means that they are adept at finding free ways to access content. In some cases, those channels are completely legal – such as using YouTube or Twitch as forms of entertainment. In other cases, there is more grey area – like sharing streaming subscriptions with other households – while others are blatantly unregulated and illegal, like pirated streams on Putlocker or Android boxes. In all cases, media companies need to acknowledge that this is a technically skilled generation that is capable of finding free ways to access content, which could ultimately affect their bottom line.

## Video games will become mainstream entertainment with Gen Z

Video games have already evolved from a niche hobby in the 1980s and 90s into the mainstream today. But its growth will become even more evident as Gen Z becomes a bigger part of the consumer market. Nearly nine in 10 Gen Z consumers currently play video games, and a look back at the first generation to grow up with video games (Gen X) provides evidence that most consumers do not give up gaming as they age. This means that Gen Z should continue to play games at a similar rate, which could make gaming as important an entertainment medium as TV, movies and music.

# What's Working?

## Certain digital brands are particularly successful with Gen Z

Some tech brands are already ahead of others when it comes to connecting with Gen Z. According to Mintel's *Digital Trends (Brands) – Canada, May 2020 Report*, Apple and Uber are two companies that offer multiple products/services that Gen Z is more likely than average to use.

For Apple, that success is driven by its flagship iPhone and iPad. Among Gen Z consumers who own a smartphone, 61% own an iPhone (vs 44% overall) and 66% of Gen Z tablet owners have an iPad (vs 49% overall). The success of Apple with this generation is further reflected by the 66% of them who say that they prefer to have tech devices that are all from the same brand (vs 50% overall). That Report points out that Gen Z's interest in Apple products may wane as they get older, take on more financial responsibilities and look for more budget-friendly options. But what is important today is that Apple – a 44-year-old company – has been incredibly successful connecting with Gen Z.

Similarly, Uber has relatively high usage with Gen Z. In that same Report, 30% of Gen Z said they used Uber's ride share service (vs 16% overall) compared to just 7% who used the company's chief competitor, Lyft (vs 5% overall). Furthermore, 27% of Gen Z uses Uber Eats – the company's foodservice delivery service – suggesting that the overall Uber brand is successfully connecting with this generation. Unlike Apple, Uber is a newer brand that is continuing to expand into

other services like scooters and e-bikes. And with Foodora exiting the Canadian food delivery app market – as well as Lyft's low usage levels – it is clear that Uber is not simply benefiting from trendy categories, it is building strong connections with Gen Z. Both Apple and Uber are therefore examples of brands that have put themselves in a position to form long-term connections with this generation.

## Subscription models show Gen Z can provide constant revenue stream

Media streaming services have now existed for long enough that most Gen Z consumers are likely more familiar with them than their predecessors. For instance, in 2010 Netflix launched its streaming service in Canada, one year before Blockbuster announced the closure of its remaining Canadian stores. In 2010, the oldest Gen Z consumers were just 15 years old – meaning that they may have some memories of stores like Blockbuster, but have mostly grown up with streaming options like Netflix. Similarly, in the music industry HMV went into receivership in 2017 – three years after Spotify launched its streaming service in Canada.

These examples show that Gen Z consumers have grown up with media streaming subscriptions as the norm rather than an emerging innovation. As a result, their behaviour is focused more on subscribing to these services than building personal media collections. According to Mintel's *Subscription Media – Canada, April 2020 Report*, 72% of Gen Z consumers subscribe to a video streaming service like

Netflix compared to 58% of consumers overall. The biggest difference, though, is in the music industry; half (55%) of Gen Z consumers subscribe to a paid music streaming service compared to just 27% of overall consumers and only 35% of Millennials.

The implication for the media industry is that Gen Z is comfortable and familiar with subscribing to content access rather than investing in collecting it. As a result, there is the potential to create long-term revenue streams with this generation. For instance, a Gen Z consumer who subscribes to Spotify pays approximately \$10 per month – \$120 a year. Over the course of a decade, they would have spent about \$1,200 on music content; the equivalent to 60 CDs at their peak price of \$20 per album. And if they never invest in a personal collection, they will always be dependent on these services for content – meaning they could spend \$120 a year on music for the rest of their lives.

Put simply, a subscription-based model means that companies can depend on regular, consistent revenue from consumers rather than needing to constantly sell another product. And since Gen Z has grown up with subscriptions to media content – and seem very comfortable with it based on their current usage – it is reasonable to expect that they can be targeted with these models going forward, taking on the burden of a monthly fee for the benefit of unfettered access to nearly unlimited content.

# Challenges



## Gen Z uses their tech savvy to access free content

One downside to Gen Z consumers being so comfortable with new technology and media is that they are also knowledgeable about how to leverage it for their benefit. Specifically, many of them are finding ways to access free content – either by using free services or sharing subscriptions.

For instance, 79% of Gen Z consumers use free online video services like YouTube (vs 69% overall). But the more significant difference is in their frequency; two thirds (67%) of Gen Z consumers who watch these videos do so daily compared to just 35% overall (see Mintel's *Digital Trends Consumer – Canada, March 2019* Report). That same Report found that 55% of Gen Z consumers play free casual video games like Pokémon GO or Candy Crush. Of course, these platforms and products are designed to monetize free usage through

advertisements and in-app purchases. But this highlights how important it is for these companies to ensure their business models work, because Gen Z is evidently proficient at finding free content.

Perhaps a more concerning challenge is the free content they are getting by skirting the rules or relying on others. According to findings from this Report, 57% of Gen Z consumers currently share a streaming subscription with another household. This means that the subscription numbers for companies like Netflix and Disney+ are likely far lower than actual usage – and many are getting their content without paying. Furthermore, the existence of platforms like Putlocker or Android boxes that stream pirated content to users' computers and TVs for free means that some savvy consumers can avoid the legal paid market entirely. And while shared family plans are common in the telecom industry – and by design of providers – 39%

of Gen Z says their phones are still part of a shared family plan, highlighting another example of how they are adept at finding monetary savings wherever possible.

As Gen Z increases their income levels and earning power, it is possible that they will be more likely to spend on these products and services – especially as they shift away from depending on their parents for phone service. But the fact that they know how to access so much free content – and are doing it in their formative adult years – suggests that they will likely continue to do it on some level in the future. Companies would therefore benefit from ensuring that ad revenue is built into their models for free platforms, while also creating safeguards to protect against account-sharing of subscription services.

# What's Next?

## Video games will become mainstream entertainment with Gen Z

Mintel's *Esports and Gaming – Canada, March 2020 Report* said, “the video game industry has evolved over the decades from a niche subculture to a mainstream hobby”, which was highlighted by the finding that two thirds of consumers play video games. But that statement is especially true of Gen Z consumers – and looking ahead it is reasonable to expect that gaming to them will be as common an entertainment option as TV, movies and music.

That is because nearly all Gen Z consumers play video games. According to that Report, 64% of Gen Z play video games on smartphones/tablets, 54% play on dedicated consoles, 53% play on laptops/desktops and 29% play on handheld consoles; in total, 87% of Gen Z play video games (vs 67% overall).

There is reason to believe that this is generational and not just a factor of them being younger and therefore more interested in games today. A look at older generations shows that there is a significant difference in gaming activity between Gen X (68% play video games) and Boomers (48% play video games). The reason that gap is meaningful is that Gen X consumers were the first to have video games available during their childhoods in the 1970s and 1980s; Boomers were already in their teens and twenties by the time at-home gaming was available. Therefore, the fact that the majority of Gen X still play suggests that growing up with video games results in consumers continuing to play even as they get older.

As Gen Z gets older, it is likely that the majority of them will continue to play video games. As a result, the fact that nearly nine in 10 of them are already playing video games means that even if some of them do

quit, the vast majority of the adult population will be video game players. For the sake of comparison, only 43% of Gen Z currently subscribes to traditional cable/satellite TV (see Mintel's *Sports Media Consumers – Canada, February 2020 Report*) – meaning they are twice as likely to play video games as they are to pay for traditional television. In fact, 30% of Gen Z watches online streams of other gamers and 27% watch esports – meaning those seemingly niche hobbies are not even that far behind traditional cable/satellite TV for these consumers. Therefore, even though video games have already established themselves as a mainstream form of entertainment today, expect their role to increase even more in the future as Gen Z represents a larger share of the adult population.

# THE CONSUMER



# What You Need to Know

## Gen Z lifestyles

The tech habits of Gen Z are intertwined with their lifestyles – and the differences in their tech consumption are closely related to their current lifestage. For instance, they have lower income levels than average but are not particularly worried about their finances – likely because many of them live rent-free with their parents. They also have a greater willingness to change and less connection to tradition than older consumers. While these differences may seem obvious, they help illustrate why this consumer group would have different tech habits than others.

## Tech device ownership and purchase sources

In general, Gen Z is the most tech-savvy consumer group today. But a closer look reveals certain nuances about the devices they want. While smartphones are nearly ubiquitous, they show relatively little interest in tablets; and even though personal computers are important to them, they put more value on the portability of laptops than the power of desktops. Complicating matters is the finding that many of them still depend on others (ie parents) to pay for their tech, meaning brands need to convince both the user and the payer to make a purchase.

## Digital activities of Gen Z

Like older generations, Gen Z uses smartphones, personal computers and tablets to carry out a wide variety of tasks. But what makes Gen Z unique is that there are certain activities – such as watching full-length TV shows and movies – that the vast majority of them do, unlike older consumers. And a look at specific devices shows that smartphones are their central hubs, while they use personal computers for particular tasks – and tablets are struggling to gain traction with this group.

## Social media platform usage

Overall, the proportion of Gen Z who use social media is not much higher than average. But the sites and platforms they use show how they are different. In particular, they gravitate to more visual platforms, like Instagram, Snapchat and TikTok – while Facebook skews to older consumers. This suggests that as Gen Z gets older, there could be a shift in the social media hierarchy – with Instagram playing a larger role.

## Social media activities

A closer look at Gen Z's usage of social media shows that many of their activities – such as posting, liking, sharing and commenting – are in line with the average consumer. The biggest difference is in how they think about social media. They are much more likely than average to check how many likes/shares a post gets, try to expand their followers and have experienced online bullying. So while their overall behaviour looks similar on the surface, their approach to social media is unique.

## Comparing Gen Z to Millennials

It is important to compare Gen Z directly to Millennials because they are adjacent generations, meaning their differences are more meaningful than Gen Z compared to the average consumer. The results show that Gen Z is unique on several aspects – some driven by their current age, but also their upbringing. Gen Z uses both tech and media differently than Millennials, driven by the fact that they grew up with smartphones and social media rather than discovering them as teens or young adults. Therefore, it is important for marketers not to conflate these two groups with each other and to realize that Gen Z is not simply an extension of Millennials.

# Gen Z Lifestyles

## Gen Z consumers are at a different lifestage than others

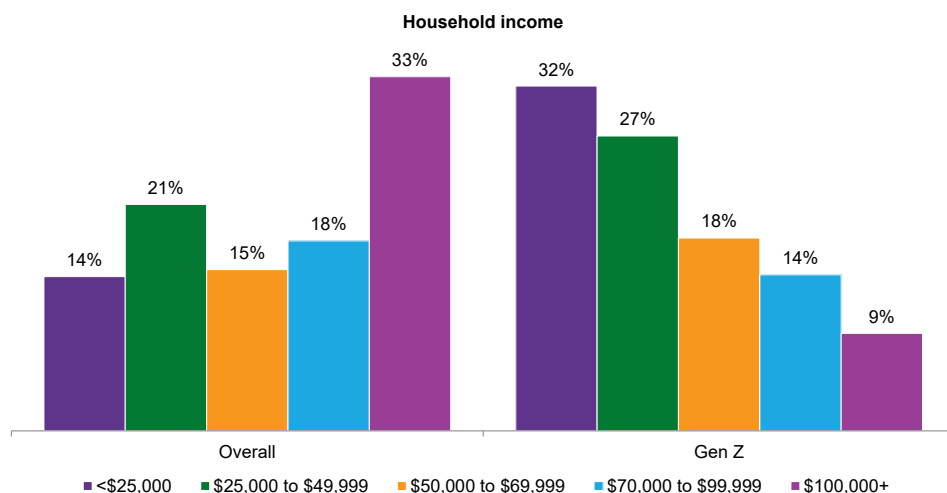
Before looking into the tech habits of Gen Z in comparison to other consumers, it is important to understand how their lifestyles are different; it will provide context for their unique tech behaviours further along in this Report. And one very important point to remember is that while the investigation will be around the Gen Z generation (ie today's 18-25 year olds), they will be different than older adults simply because of their current age – which could have an impact on their tech habits.

For instance, Gen Z income levels are significantly lower than the average adult consumer; a third of them have household income levels below \$25,000. This is not a surprise, since 60% of them are currently students (vs 16% overall) and only 28% work full-time (vs 46% overall). But while it is an expected demographic difference, this lower income could have a major impact on tech purchase behaviour since these Gen Z consumers may find it more difficult to save up enough money to buy expensive tech devices.

But despite the lower income levels, Gen Z consumers do not seem particularly worried about their finances. Nearly three quarters of them (72%) say that their current financial situation is either healthy or okay – meaning they have enough to get by on a monthly basis and may even have some left over at the end of the month. This proportion is nearly identical to the overall average (73%). So while they are bringing in less money than the average consumer, they do not seem very concerned about it.

FIGURE 14: HOUSEHOLD INCOME, OVERALL VS GEN Z, MARCH 2020

*“Which of the following categories includes your annual household income before taxes?”*



Base: 2,000 internet users aged 18+

Source: Lightspeed/Mintel

One reason for this could be that they have fewer financial commitments to be stressed about. A third of Gen Z consumers live rent-free (34% vs 7% overall) and only 22% own a home (vs 61% overall). Furthermore, only 13% are parents (vs 28% overall). So they are less likely to have a mortgage/rent to pay on a monthly basis, and few have dependents to take care of – meaning their lower incomes can go further than an older consumer with more commitments.

The high proportion of Gen Z who live rent free is closely connected to their relationships with their parents; about half of this generation (45%) still live with their parents. Not only does that explain the lack of paying rent, but it highlights a certain

safety net these consumers have. Even though their income may be low, many do not have to pay monthly living costs and – if worse came to worst – they could depend on their parents to take care of them. And as discussed earlier in this Report (see The Impact of COVID-19 on Tech Habits of Gen Z), that worst case scenario may be coming to pass due to the COVID-19 pandemic – meaning some of them could be extending their stays at home with their parents until the job market stabilizes.



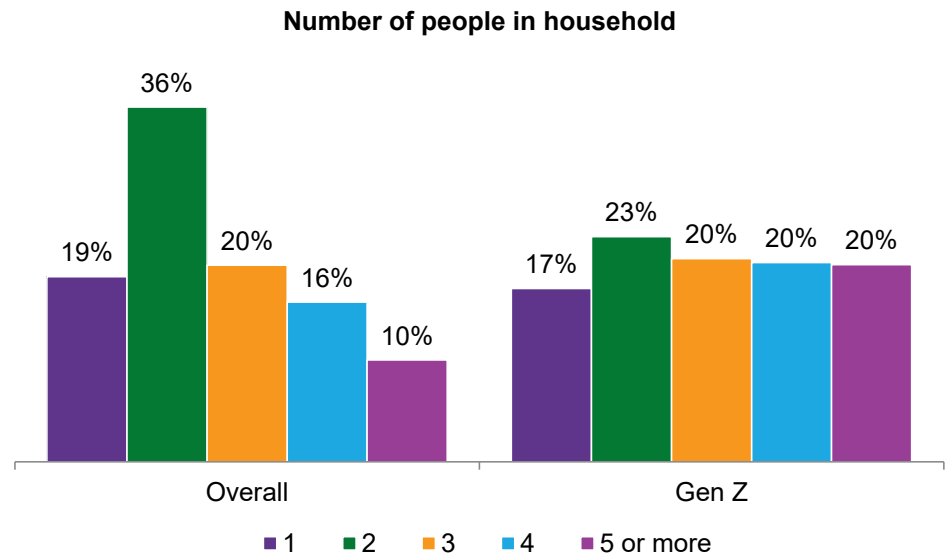
A notable by-product of the lifestage Gen Z consumers are in is that they live in larger households than average. Some 40% of Gen Z consumers live in a household with four or more people – compared to just 26% among overall consumers. Part of that is driven by the aforementioned living-with-parents behaviour – and if there are any siblings at home with them, the household size quickly climbs. Another reason for this is that young adults who do move away from home typically live with roommates in order to share monthly living costs. About one in six (16%) Gen Z consumers live with roommates (vs 8% overall).

For tech companies, this means that Gen Z will have a greater need for products that can help them get their own space in these busy households – such as second screens (eg mobile devices, laptops) and personal audio (eg headphones, Bluetooth speakers) that can give them time away from the home’s shared devices (eg TV, video game consoles). This would be particularly relevant during the lockdown measures of COVID-19, since the majority of Gen Z lives with at least two other people – meaning they would have a greater need for personal time and would likely turn to tech as a tool to get it.

None of these demographic differences are unexpected, but they highlight two key insights that help set context for the rest of this Report. The first is that just because a difference is obvious (eg Gen Z is more likely than average to live with their parents) does not mean that there is not a useful implication for tech companies

FIGURE 15: HOUSEHOLD SIZE, OVERALL VS GEN Z, MARCH 2020

*“Including yourself, how many people are there in your household?”*



Base: 2,000 internet users aged 18+

Source: Lightspeed/Mintel

– such as the greater need for tech that will create personal space while living with others. Many of the most salient differences between Gen Z and the average consumer can have very real effects on how they shop for and use technology.

The second key takeaway is how closely connected age and generation are. The goal of this Report is to investigate Generation Z – today’s 18-25 year olds. But since that generation is currently in a unique age group – young people transitioning into adulthood – many of their differences will

be driven by their current age rather than their particular generation. For instance, the fact that they are more likely to be students and have lower income than the average consumer is not a generational factor – it is simply the result of their current age. Throughout this Report, the analysis will work to point out which differences are likely age-related compared to what may be generational. The former is still important and useful for tech companies today, but the latter will have more long-term implications since these differences could stay with this generation into the future.

## Attitudinal differences of Generation Z

Beyond the lifestage and demographic differences of Generation Z discussed above, there are also attitudinal differences that provide further context for the rest of this Report. Mintel's *Marketing to Gen Z – Canada, September 2019* Report helps to shine some light on this generation – particularly with respect to technology.

According to that Report, 61% of Gen Z consumers say that they prefer to send a text message than to speak on the phone – compared to just 35% among older age groups. And when it comes to favourite activities, Gen Z consumers are more likely to choose playing video games on a console (36%) than being outdoors (29%). These examples suggest that the differences in Gen Z consumption behaviour – which will be discussed further along in this Report – are not just the result of their demographic differences. They have unique interests and priorities that make their demands in the tech industry different from other age groups.

Taking a step back, this generation also seems to be more open to change. According to that same Report, 49% of Gen Z consumers say that “willingness to change” is one of the most important values a Canadian should have – compared to just 30% among Millennials and 26% among Gen X and older. Furthermore, just 19% of Gen Z said that “honouring traditions” is an important value (vs 25% of Millennials, 31% of Gen X or older). This openness to change and disconnect from tradition is likely driven at least in part by their age; that is, since they are younger they are less committed to the traditional way of doing things.

However, it is particularly relevant for the tech industry that is essentially built on the concept of change and rewriting traditions. Not only have these Gen Z consumers grown up with technology – 72% of smartphone owners have had one since they started high school – but their openness to change suggests that they would be the most comfortable with adopting new, cutting-edge technology. That means that Gen Z can be product

ambassadors for new tech products – adopting them first and using them in day-to-day life so that older age groups can see them and become more comfortable with the change.

Overall, these attitudinal differences highlight the way that tech companies need to take a unique approach to Gen Z. Their preference for texting and video games over phone calls and reading are illustrative of the tech-driven world they grew up in. But the value they put on willingness to change suggests that their upbringing in a rapidly evolving world has created a generation of consumers who are more open to new innovations than consumers in the past. And as will be shown in the next section, they have a clear affinity for certain tech devices more than others – suggesting a potential shift in the overall tech industry from 20th century fixtures to 21st century innovations.

# Tech Device Ownership and Purchase Sources

## Gen Z is more interested in mobile tech than older age groups are

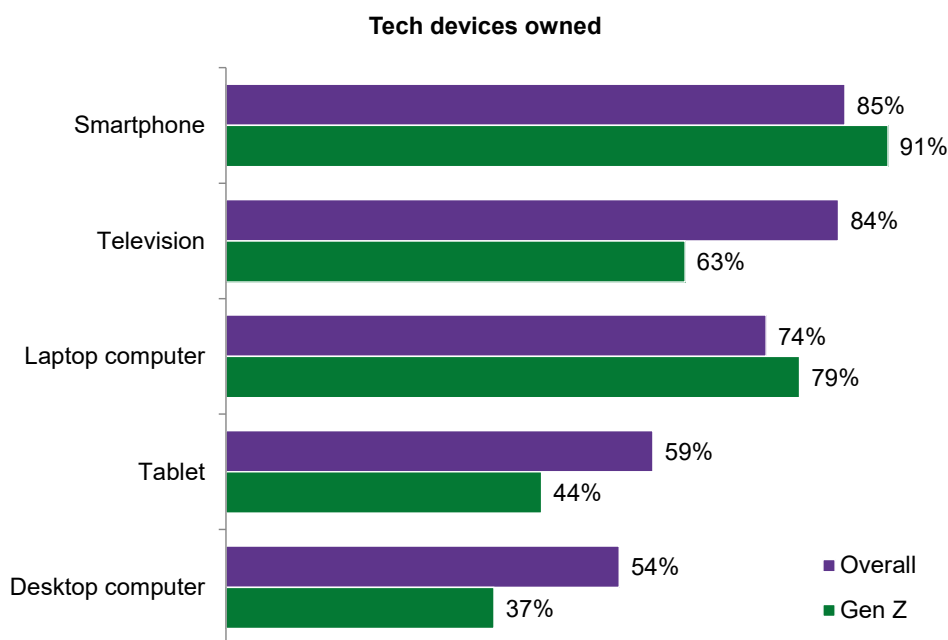
An understanding of Gen Z's approach to the tech industry can be gleaned by some of the more popular devices available in the market today. Not surprisingly, smartphones are essentially ubiquitous among this age group – and as mentioned above, three quarters have had one since they began high school. But while smartphones will be a central factor throughout this Report, it is actually some other tech devices that are particularly illustrative of what Gen Z looks for in tech compared to older generations.

For instance, 89% of Gen Z consumers own either a laptop or desktop, which is in line with the overall proportion (92%). However, Gen Z computer ownership is driven almost entirely by laptops; desktops are only owned by 37% of this generation, compared to 54% among consumers overall. This suggests that there is still a need for personal computers – there are certain things that smartphones still struggle with – but today's youngest consumers want the mobility of a laptop rather than the (potentially) more powerful, but bulky, desktop.

The low ownership of televisions is another indicator that this generation is evolving demand for tech devices. In the 1990s and

FIGURE 16: TECH DEVICES OWNED, OVERALL VS GEN Z, MARCH 2020

*"Which of the following devices do you personally own?"*



Base: 2,000 internet users aged 18+

Source: Lightspeed/Mintel

early 2000s, TVs and desktop computers were household fixtures. But today's youngest consumers are more interested in smartphones and laptops than TVs and desktops. This is further evidence of

a trend towards portability and mobility in tech, driven by this generation. The ability to move a tech device from one place to another is no longer an added feature, it is a basic expectation for these consumers.

But one notable finding among Gen Z is that men and women own different types of devices. Women in this generation are particularly likely to be mobile-focused; they are significantly more likely than men to own smartphones and laptops. On the other hand, there are twice as many Gen Z men who own a desktop computer than women – and while it is not a significant difference, there is an indication that men are also more likely to own a tablet. This shows that while the whole Gen Z consumer group is showing more demand for mobile tech, it is particularly true of women.

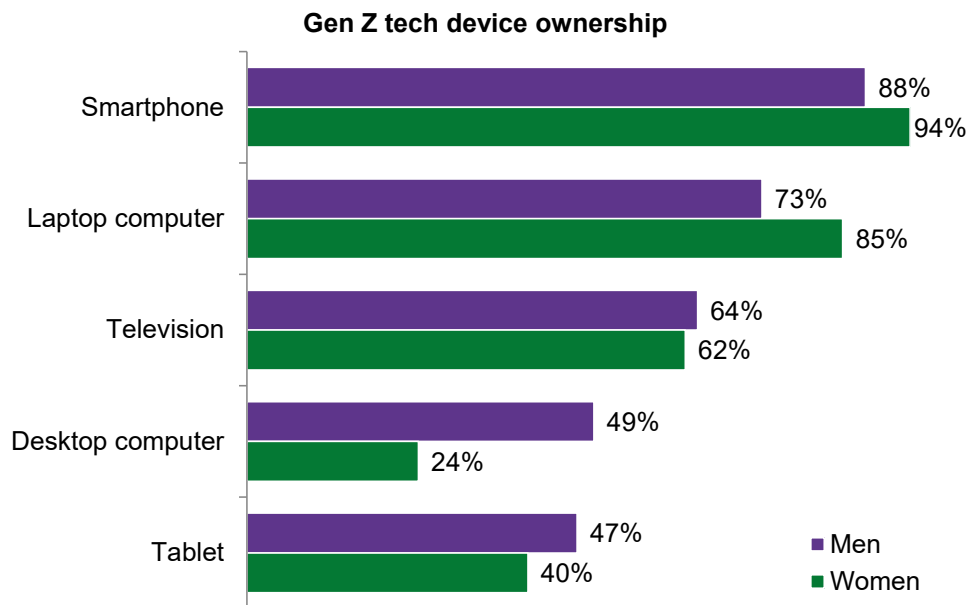
These gender differences are driven by the digital activities these consumers engage in. Gen Z men are significantly more likely than women to play video games on desktops/laptops (61% vs 39%); and since desktops are typically more powerful than a similarly-priced laptop, it makes sense that men would therefore skew to those types of computers for gaming. Meanwhile, women are more likely than men to use a smartphone to access social media (84% vs 70%), listen to music (83% vs 66%) and take pictures of themselves (72% vs 45%) – meaning their demand for hardware is a function of the activities they participate in the most.

The relatively low ranking of tablets presents another interesting finding among Gen Z. Tablets fit the criteria of a portable, connected device that can be taken anywhere – yet its ownership level among Gen Z is low compared to older consumers. There are two possible reasons for this. The first is that tablets are considered a nice-to-have device by consumers; that is, it is useful, but not necessary. So if Gen Z consumers have a relatively low amount of disposable income, they will opt for a smartphone and laptop as necessities and live without a tablet until they can save up more money.

The second possible explanation is that tablets may struggle with this generation; rather than an age and income issue for tablets, it is generational. That is because this generation has become so comfortable with using smartphones, that tablets are somewhat redundant. The main value of

FIGURE 17: TECH DEVICES OWNED BY GEN Z, BY GENDER, MARCH 2020

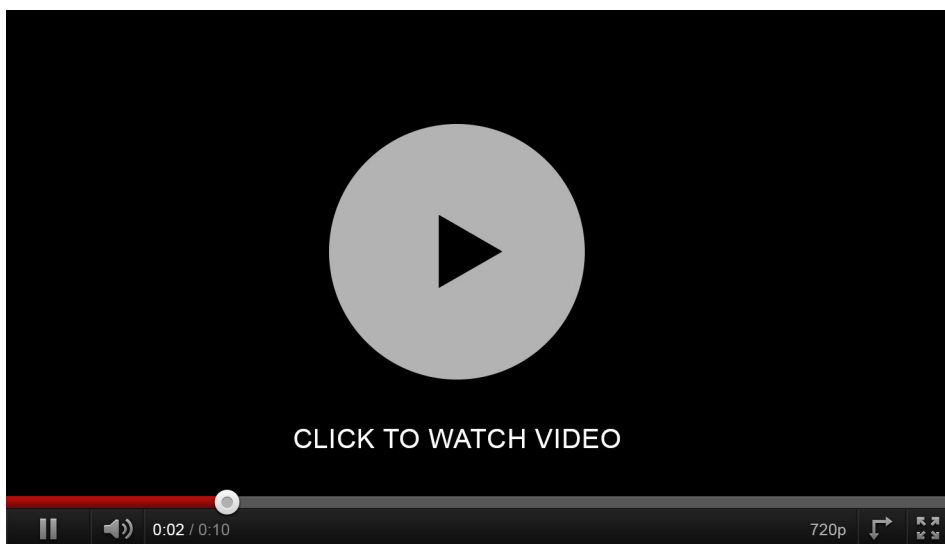
“Which of the following devices do you personally own?”



Base: 501 internet users aged 18-25

Source: Lightspeed/Mintel

FIGURE 18: IPAD PRO – FLOAT, APRIL 2020



Source: YouTube – Apple/Mintel

a tablet over a smartphone is its screen size – but if Gen Z consumers have gotten used to smartphone screens for watching videos, playing games and using social media, a tablet offers little additional value relative to its cost. Notably, Apple’s recent

advertisements for its iPad Pro have positioned the device as more of a laptop hybrid than as a larger smartphone – most likely with the goal of redefining the role of a tablet in hopes of avoiding any perceptions of redundancy with phones.

Overall, the most likely explanation of low tablet ownership among Gen Z is a combination of the above factors – they cannot yet afford tablets, but they also have less need for them than past generations – which highlights that not all mobile technology is guaranteed to succeed with this generation. Stakeholders in the tablet market will therefore need to consider how they can evolve tablets and reposition them – similarly to how Apple has started to – in order to make them relevant with today’s youngest consumers.

**Most Gen Z consumers rely on others to get some of their tech**

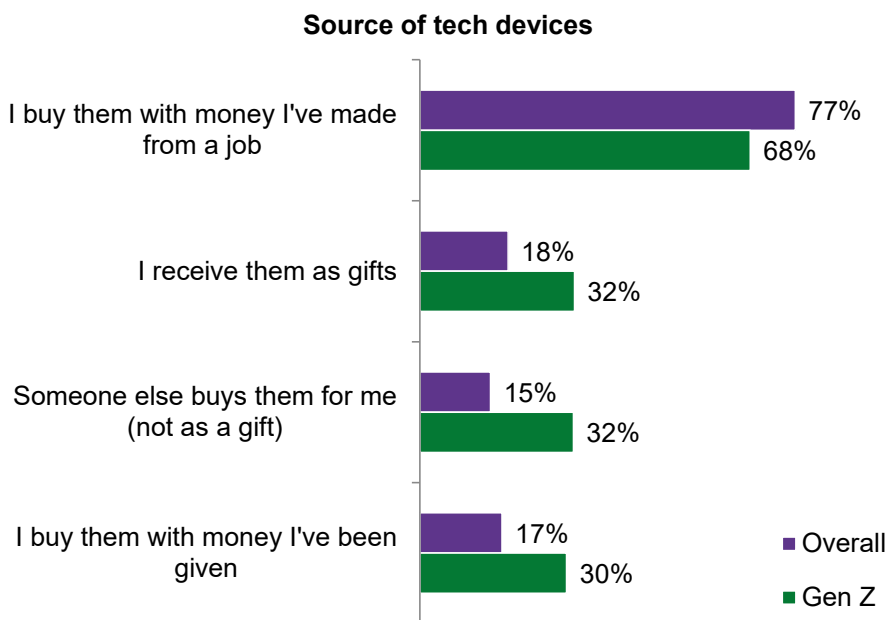
One way the unique lifestage of today’s Gen Z consumers impacts the tech market is how they get their devices. Considering this group has lower than average income levels yet owns multiple different digital devices, many of them likely need help to fund these purchases.

Mintel’s research shows that two thirds of Gen Z (66%) consumers receive support with the purchase of at least some of their tech products. That kind of support comes in different forms, whether it is given directly as a gift, purchased for them without being a gift or purchased with money that was given or lent by another person. But the key takeaway is that the majority of Gen Z consumers say they typically get technology products from sources other than strictly their own job income.

Among Gen Z, students are the most likely to be receiving this kind of support. Seven in 10 Gen Z students (72%) say that they typically receive support with their tech device purchases, compared to roughly half (58%) of Gen Z consumers who are not students. This difference is driven almost entirely by direct purchases by other individuals that are not gifts. Considering students have less opportunity to work and make money – and are in need of certain tech like laptops to do their school work – it makes sense that people (likely their parents) are directly funding these purchases. But while it is obvious, it also has significant implications for tech brands that are targeting these Gen Z consumers.

FIGURE 19: SOURCE OF TECH DEVICES, OVERALL VS GEN Z, MARCH 2020

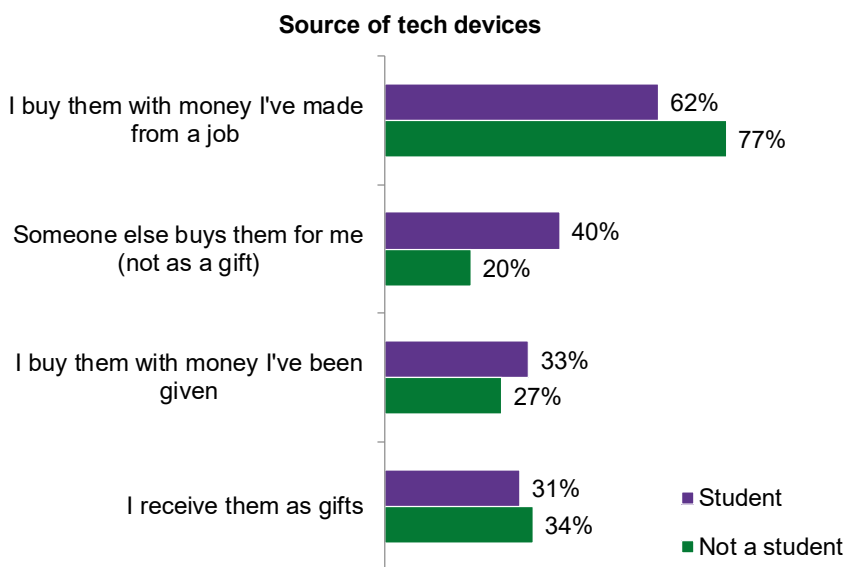
“How do you typically get the technology products you personally own? Please select all that apply.”



Base: 2,000 internet users aged 18+  
Source: Lightspeed/Mintel

FIGURE 20: SOURCE OF TECH DEVICES AMONG GEN Z, BY STUDENT STATUS, MARCH 2020

“How do you typically get the technology products you personally own? Please select all that apply.”



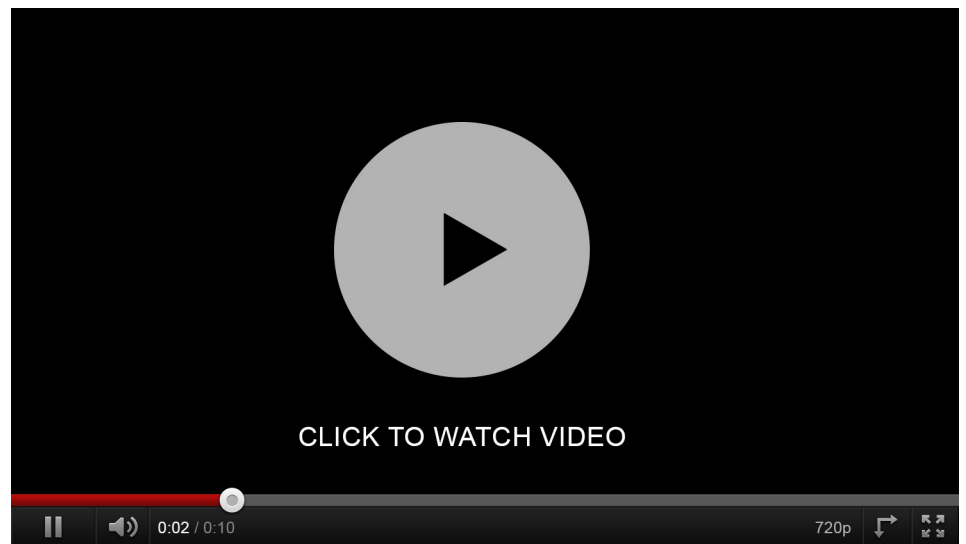
Base: 501 internet users aged 18-25  
Source: Lightspeed/Mintel

The biggest implication is the complexity this adds to the purchase process for these consumers. Young adults are a prime target for tech companies, yet the fact that so many depend on others to fund their purchases means that brands have to convince two different parties to buy a product. First, brands have to attract Gen Z consumers to want the product they are offering, then they have to hope that parents and guardians are willing to spend the money on it.

Remember, it was not long ago that these Gen Z consumers were children asking their parents for the latest toy that they saw in ads or their favourite TV shows and movies. While these consumers are technically adults, their relationships with their parents did not abruptly change when they turned 18. Therefore, brands should think about how they can learn from toy companies when it comes to marketing to Gen Z. Specifically, by creating an exciting message that attracts the Gen Z consumer, but positioning it knowing that it will likely require parental approval at some point.

One example of how brands may be able to do this is a Staples back to school advertisement. While it is not specifically about tech products, it is a tech retailer that could easily leverage this initiative for those devices as well. The store created a program where a portion of back to school purchases was given to local school programs. By doing so, the student can focus on the products they want, while the guardian paying for it can be comfortable with the knowledge that they are also supporting an important cause. So while this purchase behaviour complicates the process for tech brands, this example shows how companies can simultaneously cater to both the user (ie Gen Z) and the purchaser (ie the parent/guardian).

FIGURE 21: SUPPORT TEACHERS WITH CLASSROOM REWARDS, JULY 2019



Source: YouTube – Staples Stores/Mintel

These findings highlight the unique nature of marketing to Gen Z today. Their status as students – and their lack of full-time employment and income – is age-related, not generational. This period of low income will pass for Gen Z just as it did for past generations, as they graduate and establish their careers. However, many brands understandably do not want to wait idly for Gen Z to increase their earning power and become independent shoppers.

This situation has become particularly complex as a result of the COVID-19 crisis, too. As discussed earlier (see *The Impact of COVID-19 on Tech Habits of Gen Z*), this age group has seen unemployment rates triple amid the lockdowns. Furthermore, many of the students in this age group had been preparing to start their careers in the coming months and years as they finish up their educations – a timeline which is now in question. A delay in their ability to become

financially independent could extend how long they need to depend on others to buy their tech and exacerbate this unique dichotomy of user and purchaser.

Overall, stakeholders need to acknowledge that targeting Gen Z means that they will likely need to also convince other people (likely parents) to actually pay for the purchase. In some cases, that may even mean that Gen Z consumers and their parents agree to share a new device between them – such as a tablet or Bluetooth speaker. Therefore, brands must be sure to include those parents and guardians in their messaging so that they can feel appreciated and understood when they contribute significant amounts of money for tech devices that someone else will use.

# Digital Activities of Gen Z

## Gen Z engages in many different activities on mobile devices and PCs

As shown in the previous section, digital devices are central to Gen Z lifestyles. Nearly all of them own smartphones and computers and, as expected, Gen Z consumers are using these devices for everything from watching movies to playing video games to making videos of themselves.

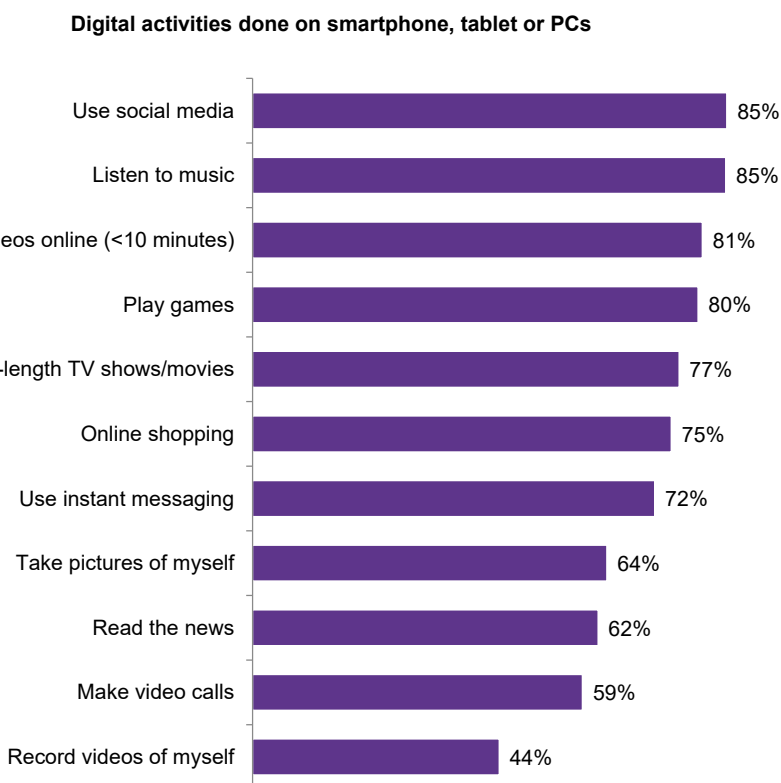
Not surprisingly, the most common activities on these devices are using social media, listening to music, watching short videos and playing video games. Considering the multitude of apps designed around these activities – Instagram, Spotify, YouTube and countless games – it makes sense that so many Gen Z consumers are engaging in them.

But there are also some surprises. Three in four Gen Z consumers are watching full TV shows/movies on these devices, meaning they are not using their televisions for those occasions. And two thirds use these products to take pictures of themselves, illustrating why digital cameras have become nearly obsolete.

However, as will be investigated further in this section, the most interesting parts of these activities will be their nuances. Specifically, how do these activities compare to older consumers? And how are these devices – smartphones, tablets and personal computers – used differently for each activity?

FIGURE 22: DIGITAL ACTIVITIES AMONG GEN Z, MARCH 2020

*“Which of the following activities do you regularly do on each of these tech devices? Please select all that apply per device.”*



Base: 501 internet users aged 18-25

Source: Lightspeed/Mintel

**Full-length TV and movies are what make Gen Z unique**

A closer look at how consumers use smartphones, tablets and PCs for media consumption helps identify the similarities and differences between Gen Z and older generations. In general, Gen Z is more likely to use these devices for media consumption – but certain activities are relatively similar between Gen Z and the overall consumer base.

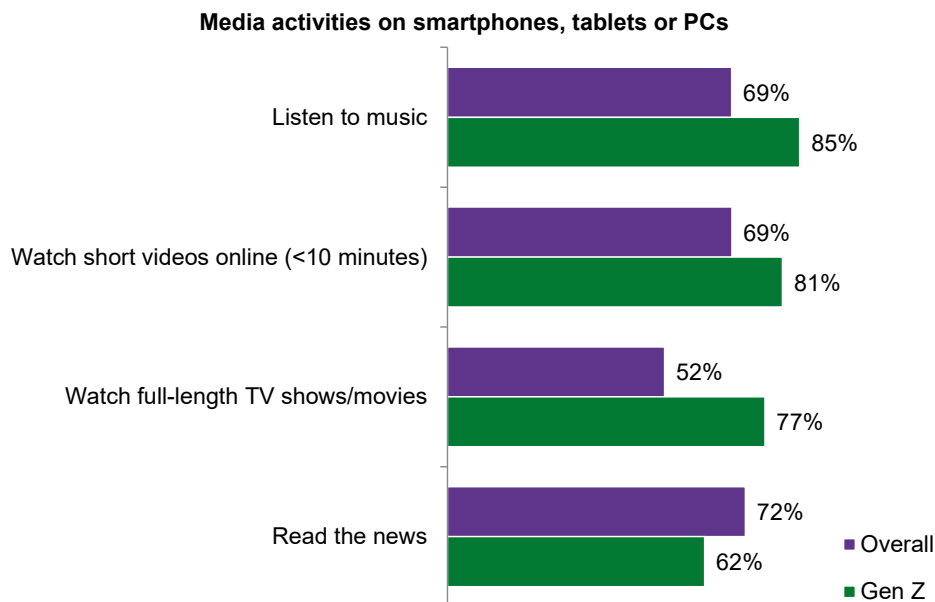
For instance, listening to music and watching short videos skews to Gen Z, whereas reading the news is slightly less likely to occur among Gen Z than the overall consumer. But the most significant difference is the consumption of full-length TV shows and movies; nearly four in five Gen Z consumers watch this content on the small screens of mobile devices and computers. But while this may seem like a generational idiosyncrasy, it could have major implications on the tech and media industries.

According to Mintel’s *Digital Trends (Hardware) – Canada, November 2019* Report, 55% of Gen Z says they prefer to watch video on a mobile device or computer instead of a traditional TV. While that particular statement also encapsulates short videos, it highlights that this generation is not avoiding TVs because they do not have access to them – many of them actually prefer to use computers and mobile devices to watch content. Even among those who own a television, 82% watch full-length TV shows/movies on their computers or mobile devices.

For the tech industry, this means that there will likely be less demand for traditional TV sets among this consumer group, while they likely have higher expectations for picture quality on their mobile devices and computers. Although TV demand could be buoyed by gaming activities – 54% of Gen Z plays video games on a dedicated console (see Mintel’s *Esports and Gaming – Canada, March 2020* Report) which require

FIGURE 23: MEDIA ACTIVITIES DONE ON DIGITAL DEVICES, OVERALL VS GEN Z, MARCH 2020

*“Which of the following activities do you regularly do on each of these tech devices? Please select all that apply per device.”*



Base: 2,000 internet users aged 18+

Source: Lightspeed/Mintel

television sets – they will ultimately lose importance as this generation leverages other screens throughout the day.

For TV companies, this means that focusing on making TVs bigger and clearer (and more expensive) may not resonate with consumers who are happy to watch on their five-inch smartphone screen. Meanwhile, mobile device and computer companies that can make their devices more entertainment media-focused (eg high definition, good sound quality) could benefit from this unique behaviour.

For media companies, this means that there is increasing importance on their apps and websites that Gen Z consumers are using to watch this content. Making them user friendly and stable (ie no crashes) is more important than ever to ensure an enjoyable viewing experience. And for companies that are producing content like TV shows

and movies, they need to do so with the understanding that many of their youngest viewers may be watching on a five-inch screen in their hand, not a 60” screen on the wall.

There is reason to believe that this behaviour is more generation-based than age-based. Since so many TV-owning Gen Z consumers still use these devices to watch TV and movies, it is not a matter of being unable to afford televisions. And since Gen Z has grown up with these secondary screens, it makes sense that they would be comfortable with them. Therefore, it is possible that Gen Z consumers continue to use mobile devices and computers to watch media content in the years ahead rather than simply reverting to the traditional norm of TV usage as they get older.



**Social activities on these devices are more similar across generations**

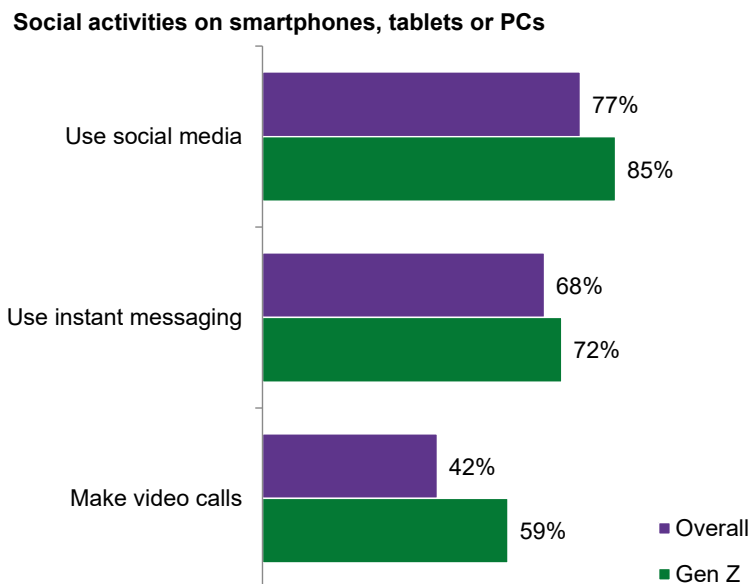
While media consumption on computers and mobile devices highlights some unique behaviours among Gen Z, their social activities are more in line with the average. Specifically, the proportion of them who use these devices for social media or instant messaging is essentially the same as the overall consumer base. There are some nuances to these activities in terms of which particular devices are used – but overall usage is similar.

The most noticeable difference is video calls. The majority of Gen Z uses computers or mobile devices to make video calls, compared to just 42% of consumers overall. According to Mintel’s *Attitudes toward Technology and the Digital World – Canada, December 2019* Report, 39% of Gen Z consumers say they prefer video calls to voice calls.

Among Gen Z, women are more likely than men to engage in these activities. Some 90% of them use these devices for social media, compared to 81% of men. Meanwhile, 80% use instant messaging (vs 64% of men) and 65% make video calls (vs 54% of men). A 2019 study led by Georgia State University found that women find social interactions more rewarding than men

FIGURE 24: SOCIAL ACTIVITIES DONE ON DIGITAL DEVICES, OVERALL VS GEN Z, MARCH 2020

“Which of the following activities do you regularly do on each of these tech devices? Please select all that apply per device.”



Base: 2,000 internet users aged 18+  
Source: Lightspeed/Mintel

– meaning these gender skews are most likely driven by foundational differences in how men and women socialize.

That preference for video calls over voice calls, as well as their greater likelihood to make video calls on computers and mobile

devices, suggests that Gen Z is generally more visual than older generations. And as will be shown next, they engage in other activities that suggest that visual content – and the constant availability of cameras – makes them a unique generation.

**Gaming and cameras are very important to Gen Z**

Some other digital activities help to paint a clearer picture of how Gen Z tech behaviours differ from consumers overall. For instance, they are significantly more likely to play video games on these devices than the average consumer. This is driven by their higher overall gaming activity; 87% of Gen Z plays video games compared to 67% overall (see Mintel's *Esports and Gaming – Canada, March 2020* Report). Nevertheless, it highlights one way in which Gen Z uses their computers and mobile devices differently than other consumers.

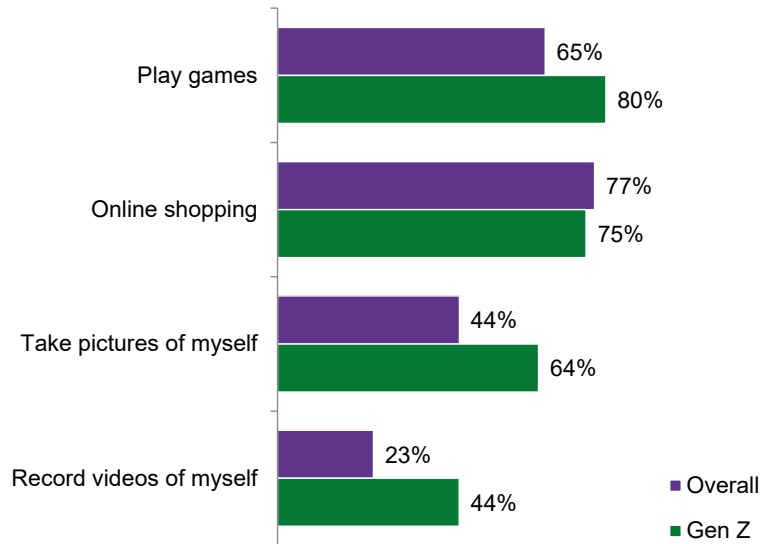
The more significant difference, though, is in their particularly high usage of cameras. Specifically, two thirds of Gen Z consumers are taking pictures of themselves with computers or mobile devices – while nearly half record videos of themselves. This is unlike older generations and is an emerging behaviour because cameras have never been as widely available as they are today.

This behaviour is likely generational rather than age-related. While it is possible that these Gen Z consumers will have less time or willingness to take pictures and videos of themselves as they get older, this is not simply a phase that every generation has gone through. Digital cameras are built into nearly every device today – and essentially all of them include a front-facing camera designed for taking pictures and videos of oneself. This is not to say that Gen Z is more predisposed to record themselves than past generations; rather, the availability of the hardware is something no other generation has had and is likely shaping how they use technology. This is a generation that has grown up with a camera within arm's reach at all times – so it makes sense that they are more visual and take more pictures and video as a result. Smartphone brands are evidently reacting to the importance of cameras in phones, with many ad campaigns focusing on photo and video quality.

FIGURE 25: OTHER ACTIVITIES DONE ON DIGITAL DEVICES, OVERALL VS GEN Z, MARCH 2020

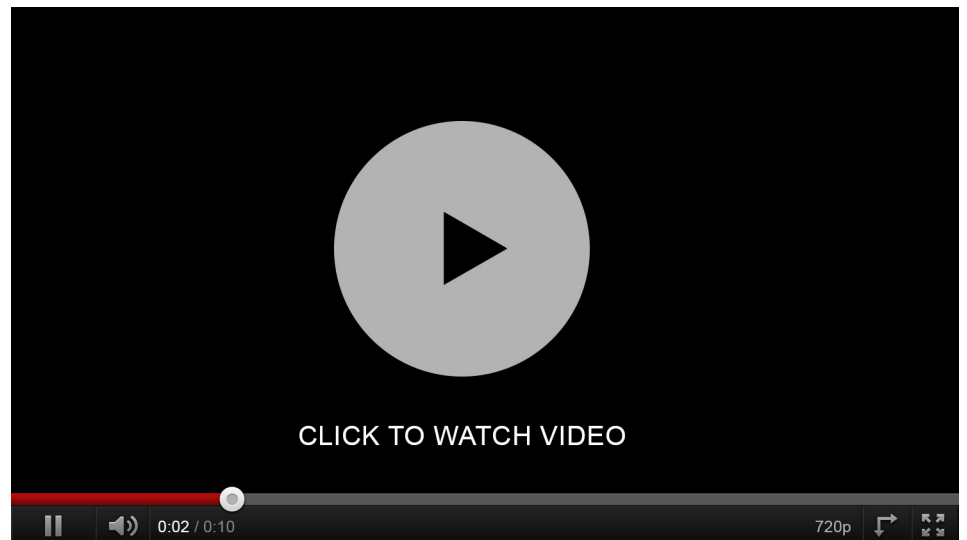
*"Which of the following activities do you regularly do on each of these tech devices? Please select all that apply per device."*

**Other digital activities on smartphones, tablets or PCs**



Base: 2,000 internet users aged 18+  
Source: Lightspeed/Mintel

FIGURE 26: GALAXY S20: SEE YOUR WORLD DIFFERENTLY | SAMSUNG, JUNE 2020



Source: YouTube – Samsung/Mintel

Among Gen Z, there are some clear gender differences. Men are more likely than women to play games on computers and mobile devices (86% vs 76%). But women are much more likely than men to shop online (83% vs 67%) and take pictures of themselves (76% vs 51%). This is likely driven by the fact that, in general, men are more likely than women to play video games (see Mintel's *Esports and Gaming – Canada, March 2020 Report*), while women shop online more frequently than men (see Mintel's *Online Shopping – Canada, July 2018 Report*). And the findings from this Report show that Gen Z women are more likely than men to post a picture/video on social media (29% vs 22%) but significantly less likely to post a text statement (16% vs 25%) – suggesting that their more visual approach to creating social media content is a reason for their higher propensity for taking pictures of themselves.

The next analysis will look further into what specific devices Gen Z consumers are using for these different activities. But one common theme that is clear is how comfortable they are using these devices for a wide selection of tasks – and that they seem to be a very visual-oriented generation as a result of the screens and cameras they have grown up with. Their comfort with these devices – particularly smartphones and laptops – as well as the role cameras play in their lives will likely continue on as they age; which means marketers targeting this generation need to consider how to include those aspects in their strategies into the future.

**Specific device usage further illustrates how Gen Z is different**

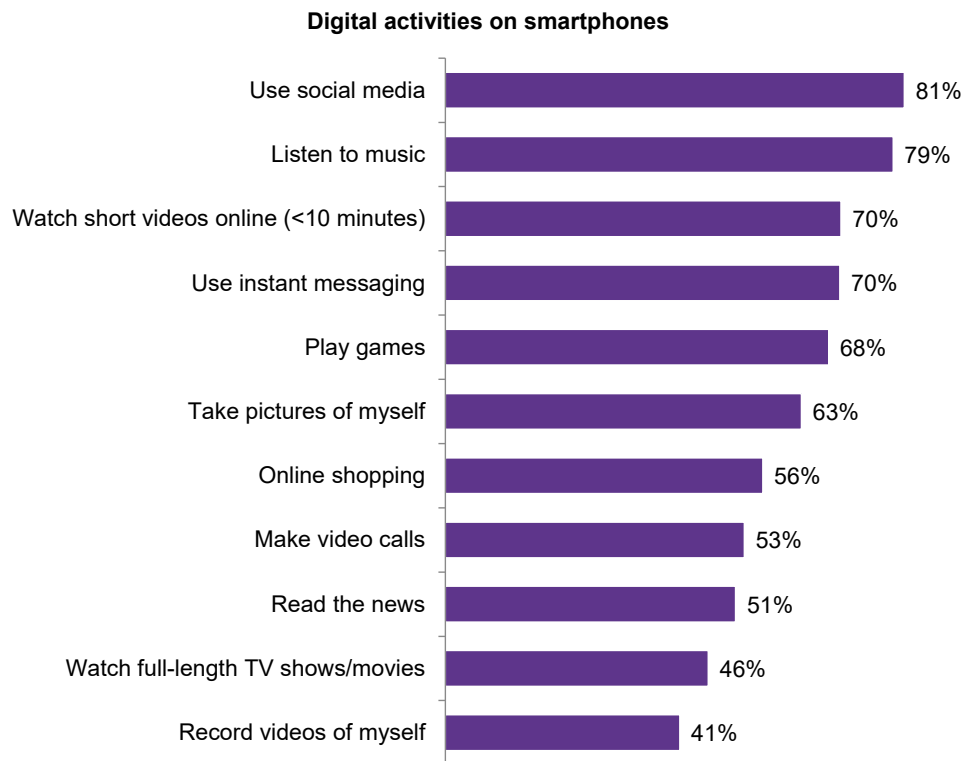
**Smartphones are the most important devices**

A more in-depth analysis of the devices that Gen Z consumers use to carry out these activities shows additional unique

behaviours of that generation. In particular, the smartphone is evidently the central tech device for these consumers. Even seemingly niche activities that a smartphone would not often be used for – such as watching full TV shows/movies or making videos of oneself – are done by almost a half of Gen Z smartphone owners.

FIGURE 27: SMARTPHONE DIGITAL ACTIVITIES AMONG GEN Z, MARCH 2020

*“Which of the following activities do you regularly do on each of these tech devices? Please select all that apply per device.”*



Base: 457 internet users aged 18-25 who own a smartphone  
 Source: Lightspeed/Mintel

Of course, smartphones are extremely versatile devices that are useful to all consumers, not just Gen Z. But a comparison with the average smartphone owner highlights some of the most glaring differences in how this generation uses these devices. For instance, compared to the average consumer, Gen Z is nearly twice as likely to record video of themselves or watch full-length TV shows/movies on their smartphones. And while some of these overdeveloped activities are simply the result of Gen Z doing them more in general – such as playing video games or taking pictures of themselves – it does not change the fact that the smartphone is much more central to Gen Z lifestyles than it is for any other consumer group.

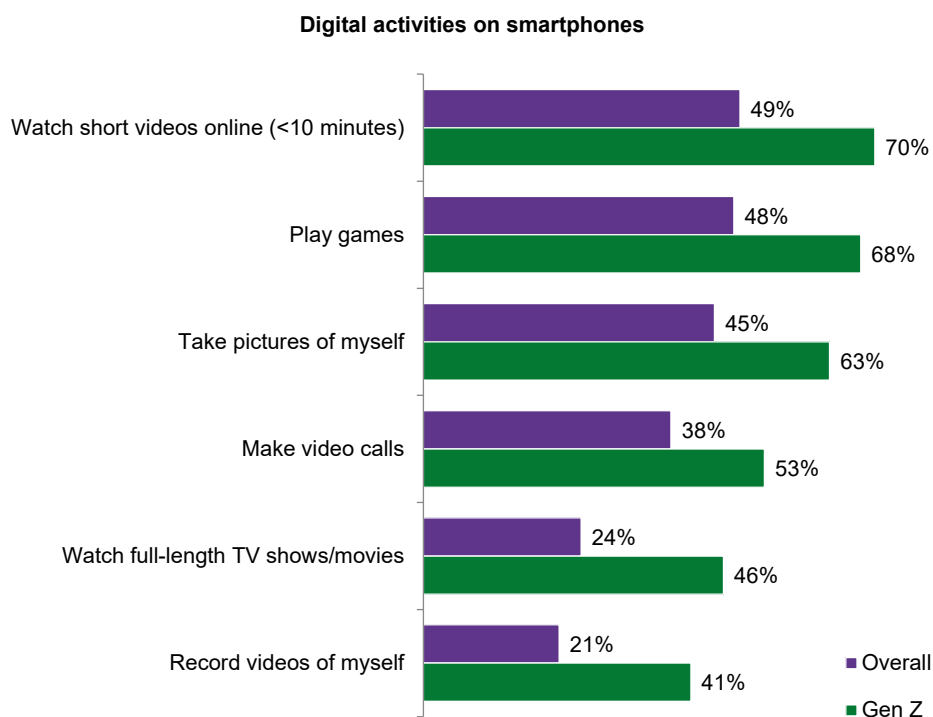
Although, one Gen Z consumer group does illustrate that the smartphone is not a perfect device. Only 29% of Quebec Gen Z consumers watch full-length TV shows/movies on a smartphone (vs 43% overall). A likely reason for this is the fact that many of those Quebec consumers are French and may need subtitles to fully understand English content that they watch on their phones. The difficulty of reading subtitles small enough to fit on a smartphone screen therefore highlights some of the practical challenges of smartphone video content.

Nevertheless, qualitative feedback from Gen Z consumers further illustrates how central smartphones are for their digital lifestyles:

*“I do almost all activities on my smartphone as I feel that it’s just easier for me to access things on my phone. I use my phone to mainly browse through social media, do online shopping and stream music or other*

FIGURE 28: SMARTPHONE DIGITAL DEVICES, OVERALL VS GEN Z, MARCH 2020

*“Which of the following activities do you regularly do on each of these tech devices? Please select all that apply per device.”*



Base: 1,706 internet users aged 18+ who own a smartphone  
 Source: Lightspeed/Mintel

*content. I solely use my laptop for school work and occasionally for watching shows or movies.”*

– **18-24 year old, Ontario female**

*“I usually use two screens at the time. My TV or my computer are being used as a distraction in the background while I’m mostly concentrated on my smartphone, answering emails, texts, using messenger, WhatsApp, browsing shopping websites, etc.”*

– **18-24 year old, Quebec female**

These qualitative comments about laptops as a complement to smartphones are a good segue into the below discussion. The following analysis will show how personal computers also play a role in the day-to-day lives of Gen Z. However, a central takeaway of this entire Report is that marketers and companies must understand how important smartphones are to Gen Z. It is not just a way of talking to others through phone calls or text messages – it is their communication and media hub.

**Personal computers are commonly owned, but more specialized than smartphones**

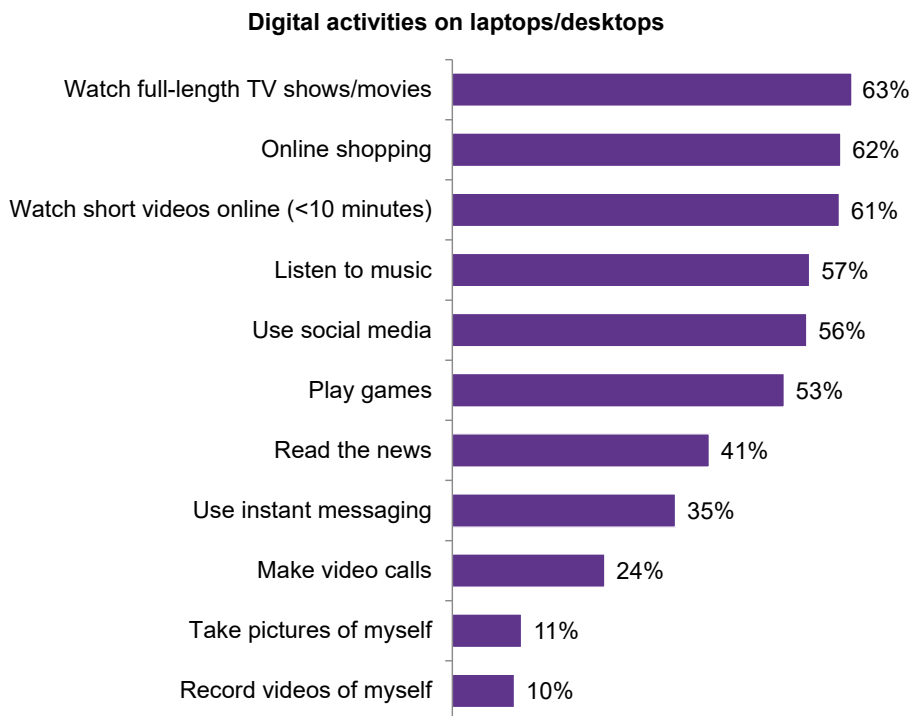
If smartphones are a Swiss Army knife for Gen Z, computers are a power tool. They are not used for as many different things as a smartphone, but they are highly valuable for certain tasks. But the activities they use their computers for suggests that they are better suited than smartphones.

The most common tasks carried out on personal computers indicate that Gen Z consumers are leveraging their screen size and processing power. Watching video content – both short videos and full-length TV shows/movies – is a sensible task for personal computers since their screens are typically much larger than a smartphone. And while online shopping can be carried out on smartphones, the larger screens of computers lets shoppers see more options at once and the convenient ability to use multiple internet browser tabs means that a consumer can easily and quickly compare across different retailers. So even though smartphones are the most well-rounded devices for Gen Z, those consumers still recognize that there are certain tasks that a computer is better suited for.

But while some of these tasks suggest that Gen Z consumers use smartphones and computers interchangeably depending on the situation, there are a few that are rarely carried out on laptops and desktops. In comparison to smartphones, few Gen Z consumers use their computers to record video, take pictures or even make video calls. This suggests that the front facing camera on a computer – a default feature

FIGURE 29: LAPTOP/DESKTOP DIGITAL ACTIVITIES AMONG GEN Z, MARCH 2020

*“Which of the following activities do you regularly do on each of these tech devices? Please select all that apply per device.”*



Base: 447 internet users aged 18-25 who own a laptop or desktop computer

Source: Lightspeed/Mintel

on most laptops – is relatively unimportant to this generation. That is, computer companies should not be making their camera quality a major feature to focus on as a way of targeting Gen Z, since few of these consumers are actually using them. Furthermore, the low proportion of Gen Z who use computers for instant messaging – compared to how many use it for watching

videos and shopping – suggests that computers are less about communication and more about media and ecommerce. This illustrates the specialization of computers in comparison to smartphones; they are very useful for certain tasks, but they are not central to communication and socialization like phones are.

In comparison to the average consumer, the role of personal computers as media hubs is unique to Gen Z. They are significantly more likely to watch full-length TV shows/movies on their computers and slightly more likely to watch short videos. Taking into account the more common usage of computers for listening to music and playing video games, it is clear that laptops and desktops are a kind of entertainment centre for Gen Z.

The relevance of laptops and desktops with Gen Z also highlights a key takeaway about the broader tech industry. Personal computers have been available in the mass market for decades – since before Gen Z was even born. Given how rapidly demand for digital tech evolves today, it is rare for a device to still be so relevant for so long. This shows that product lifecycles do not necessarily have to be connected to a period of time.

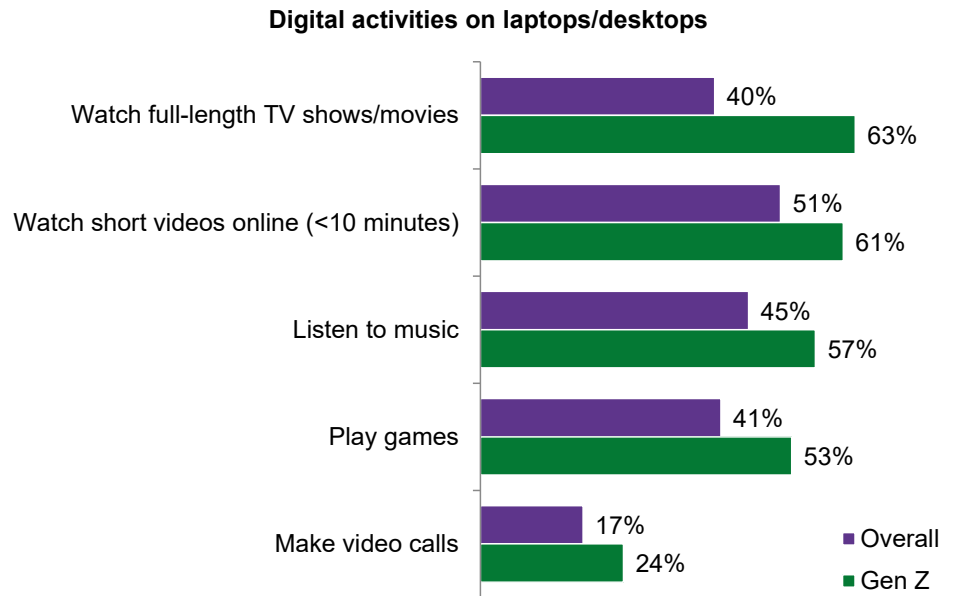
Personal computers have seen MP3 players, e-readers, digital cameras and countless other devices enter the market and then fizzle out as new innovations overtook them. The staying power of laptops and desktops shows how useful the machines are – and how well they have been able to adapt to evolving demands. As will be seen next, there is another tech device that is much newer and more cutting edge than personal computers, but seems to be struggling to resonate with Gen Z.

### Among Gen Z, tablets compete directly with smartphones

The modern tablet came to the market in 2010 when Apple introduced the iPad. This launch came three years after the

FIGURE 30: LAPTOP/DESKTOP DIGITAL DEVICES, OVERALL VS GEN Z, MARCH 2020

*“Which of the following activities do you regularly do on each of these tech devices? Please select all that apply per device.”*



Base: 1,848 internet users aged 18+ who own a laptop or desktop

Source: Lightspeed/Mintel

original iPhone launch, as touchscreen user interfaces became common on the mass market. At the time, tablets were positioned as something in between a smartphone and a computer. Its screen was larger than smartphones so that it could be used for video games, TV and movies – but it was more convenient and portable than a personal computer. That middle ground led to success for the tablet; today, 59% of consumers own a tablet – a penetration level that few other tech devices have been able to reach.

Yet despite this success over its first decade of existence, there are signs that the tablet may struggle in the future – specifically because of an inability to truly resonate with Gen Z. As shown above, the smartphone is the central device for Gen Z and the personal computer offers uniquely specialized capabilities for certain activities. The issue is that there is little space left for the tablet to be a must-have device for these consumers.

For one, tablet ownership is low among Gen Z; only 44% of them own a tablet (vs 59% overall). Secondly, the activities carried out on these devices are very similar to what Gen Z already uses smartphones for. The most common tablet task is playing games (56%), but more smartphone owners play games on their phones (68%). And while tablets seem like a better option to watch TV/movies than a smaller smartphone screen, only 55% of Gen Z tablet owners watch this content on those devices – which is only slightly more than the 46% of smartphone owners who watch that content on their phone.

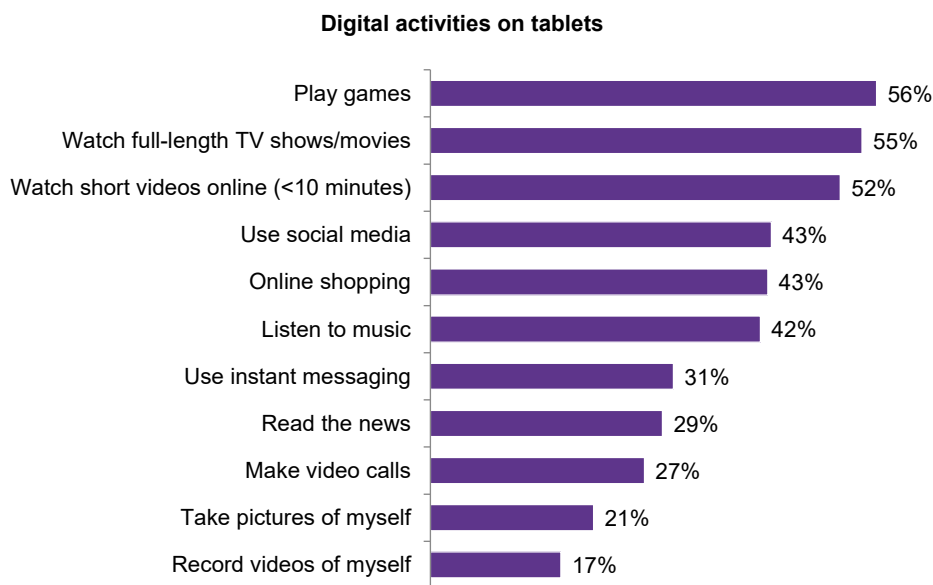
The unique issue for tablets with this generation is how comfortable Gen Z has become with their smartphones. No other generation has grown up with smartphones the way this generation has. For older generations, tablets were a kind of bridge between the larger TV and computer screens they were used to and the new five-inch smartphone screens they were learning to use. But smartphones have been so natural to Gen Z that they have not needed help with that transition; smartphone screens are sufficient for most of them.

Put simply, the increased utility of smartphones for Gen Z comes at the cost of tablet usefulness. More than any other generation, tablets seem to be redundant for Gen Z; there is no specific task that a tablet is needed for that a smartphone or personal computer cannot handle. And the evolution of smart speakers could also impact tablet relevance in the long term. As Gen Z gets older and moves into larger homes with their families, they may opt for something like the Google Nest Hub as a functional screen in their kitchen or beside their bed rather than a tablet.

It is not likely that tablets will become obsolete in the same way as MP3 players or digital cameras have in recent years. However, these signs show that just because Gen Z gravitates towards mobile technology – and even though tablets are still relatively new – there is not necessarily a fit between the consumer and the product. This analysis shows that a decades-old technology like a personal computer is more useful to Gen Z than a tablet device that has only existed in its current form for 10 years.

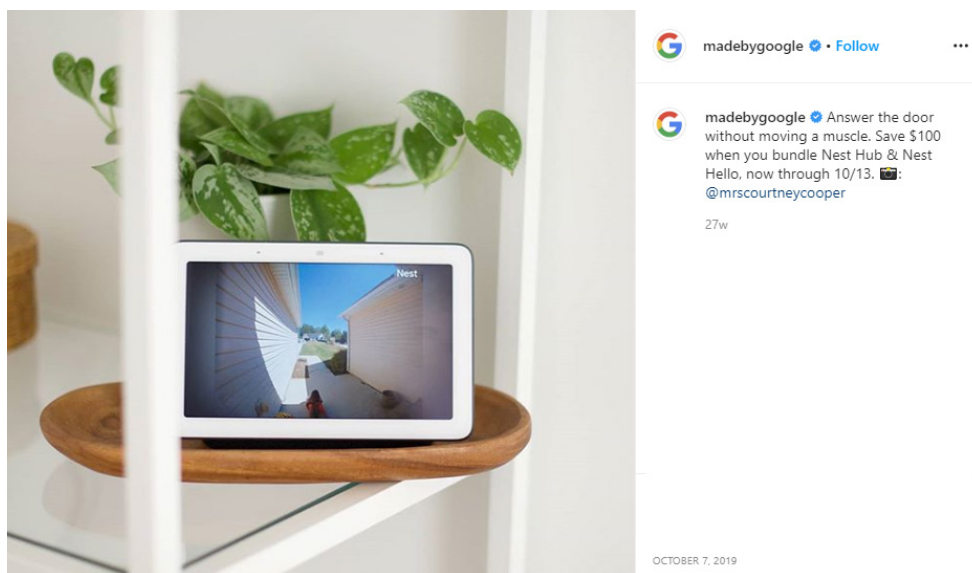
FIGURE 31: TABLET DIGITAL ACTIVITIES AMONG GEN Z, MARCH 2020

“Which of the following activities do you regularly do on each of these tech devices? Please select all that apply per device.”



Base: 218 internet users aged 18-25 who own a tablet  
Source: Lightspeed/Mintel

FIGURE 32: MADE BY GOOGLE INSTAGRAM POST, OCTOBER 2019



Source: Instagram – Made by Google/Mintel

Ultimately, this shows the far-reaching ripple effect of smartphones in today’s market. When Steve Jobs introduced the iPhone in 2007, few people could have predicted how impactful the device would be for years into the future. The tablet was created as an extension of the smartphone

trend, but may end up being made niche by that same smartphone. For stakeholders in the tech industry, this means that tablet marketing should be focused more on older consumers, while smartphone and personal computer messaging can still be used to target Gen Z.

# Social Media Platform Usage

## Gen Z is the Instagram generation

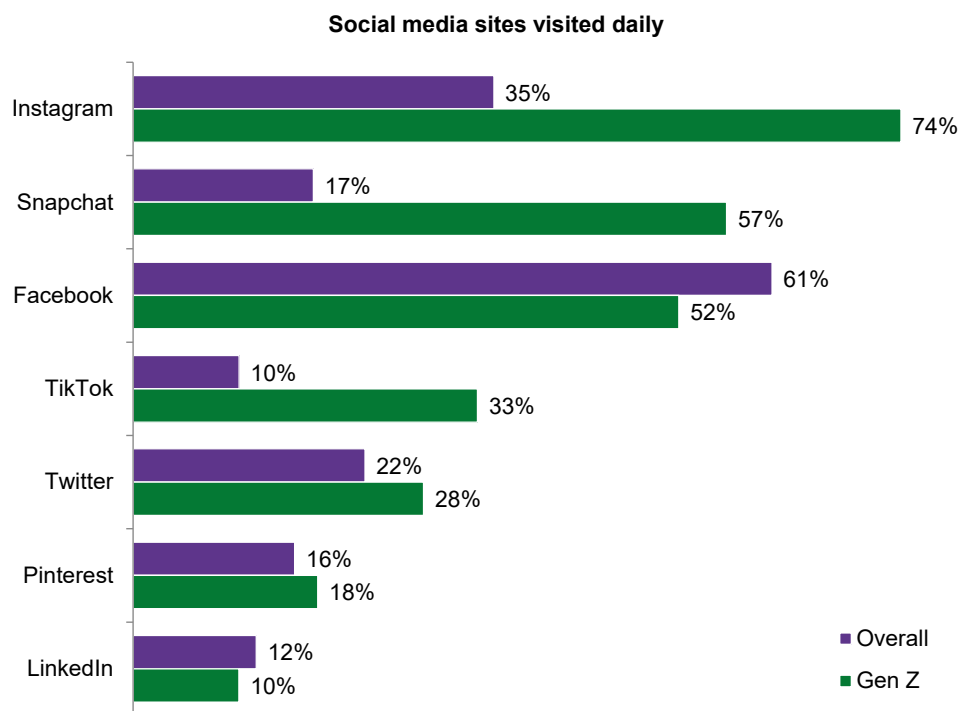
The previous section showed that overall social media usage was not considerably different between Gen Z and the overall consumer base. Some 85% of Gen Z use computers and mobile devices to access social media compared to 77% overall. Yet despite those similar topline proportions, a deeper look at the sites they use highlights significant differences between this generation and older ones.

The most noticeable difference is the role that Instagram plays for these consumers. Three quarters of Gen Z visits Instagram on a daily basis, compared to just a third of overall consumers. Owned by Facebook, Instagram uses a similar feed-style system that is heavily focused on pictures and video – with less text than sites like Facebook and Twitter. As discussed earlier in this Report (see Digital Activities of Gen Z section), Gen Z seems to be a particularly visual generation – driven by constant access to screens and cameras – which helps to explain why Instagram is such a successful platform with that group.

Not surprisingly, the other two social media sites that stand out with this consumer group are Snapchat and TikTok – both of which are also very visual-based platforms. Snapchat is a messaging application that is heavily focused on smartphone usage – which caters to Gen Z device ownership – and leverages a wide array of augmented

FIGURE 33: SOCIAL MEDIA SITES VISITED DAILY, OVERALL VS GEN Z, MARCH 2020

*“How often do you visit the following websites?”*



Base: 2,000 internet users aged 18+

Source: Lightspeed/Mintel

reality camera filters to make it a unique experience for users. TikTok, on the other hand, is a video-based site that allows users to upload short videos for public viewing – which creates content feeds that are similar to other social media sites, but is entirely

video-based. The fact that the three most overdeveloped social media sites among Gen Z are visual-based rather than text-based is not a coincidence; it illustrates how important visuals are to this generation.



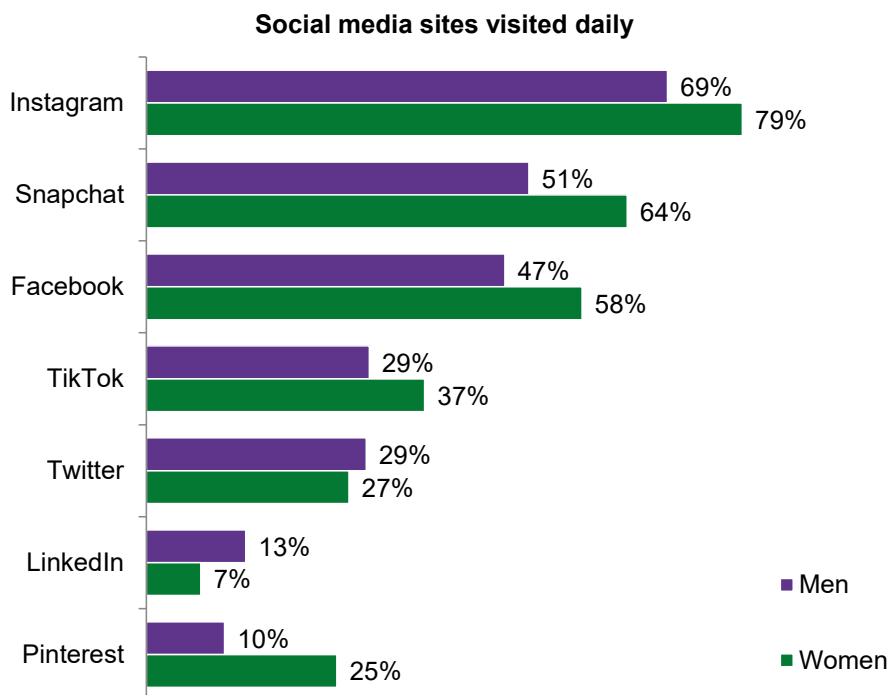
Among Gen Z, daily social media visits skew to women. They are significantly more likely than men to visit Instagram, Snapchat, Facebook and Pinterest. Gen Z men are still overdeveloped for Instagram and Snapchat compared to the average consumer, but this shows that women in this generation are the primary drivers of usage on these platforms. As discussed earlier in this Report (see Digital Activities of Gen Z section), an academic research study determined that women find social interactions more rewarding than men do – which helps explain why they are also heavier social media users.

Similarly, Asian Gen Z consumers skew higher in their social media usage. They are more likely than average to visit Twitter on a daily basis (36% vs 28% of overall Gen Z), but that does not detract from their Instagram (80% vs 74% of overall Gen Z) or TikTok usage (36% vs 33% of overall Gen Z). Even their usage of LinkedIn is higher – 18% visit the site daily compared to just 10% of overall Gen Z. Considering Asian Gen Z consumers are less likely to own TVs (only 50% have a TV vs 63% of overall Gen Z), this means that social media is a more important advertising platform for companies trying to connect with them.

Meanwhile – though based on a smaller sample size – Quebec Gen Z consumers are more likely than average to use Facebook daily (61% vs 52% overall). And they have not yet shifted to Twitter (21% vs 28% overall) or Snapchat (45% vs 57% overall) in the same way as Gen Z consumers in other parts of the country. This highlights how important community momentum is to the success of these social media platforms. Since their inherent value is connecting people within communities, they depend on reaching a tipping point of active users in order to draw more users – and that shift away from Facebook and towards Twitter and Snapchat has evidently been slower to occur in Quebec.

FIGURE 34: GEN Z DAILY SOCIAL MEDIA SITE VISITS, BY GENDER, MARCH 2020

*“How often do you visit the following websites?”*



Base: 501 internet users aged 18-25

Source: Lightspeed/Mintel

Students also play an important role in the success of these Gen Z-focused social media platforms. In particular, TikTok seems to be resonating with Gen Z students; 39% of them visit the site/app daily compared to just 25% of non-students in that generation. Since TikTok is still relatively new, it could be student-dependent at the moment because the tight social connections within schools can be a catalyst for a social media platform to grow rapidly – in the same way that Facebook originated in universities and colleges. Nevertheless, it is further evidence that Gen Z is not a homogenous group – there are significant differences among those in that age group.

Overall, this usage illustrates how popular Instagram is among this generation. TikTok has received a considerable amount of attention recently as a new entrant to the market – but these usage rates highlight that despite its overdevelopment with Gen Z, it still does not come close to how widely used Instagram is. Considering the success of Snapchat too, it is clear that social media platforms need to be heavily image-based in order to resonate with this generation. They have grown up with cameras and screens and evidently communicate more visually – half of them make video calls on their smartphones – meaning that companies that ignore the visual aspect of their marketing efforts will find it very difficult to form a meaningful connection to this generation.

### Social media preferences confirm that Instagram is on top

Daily social media site visits help to illustrate how Gen Z uses those platforms compared to the average consumer. However, to get a more accurate concept of what sites they prefer, it is necessary to investigate which ones they spend the most time on. Doing so provides a clearer picture of what the most important platform is in their eyes – since time spent on a site or app is incredibly valuable to those platforms and their advertisers.

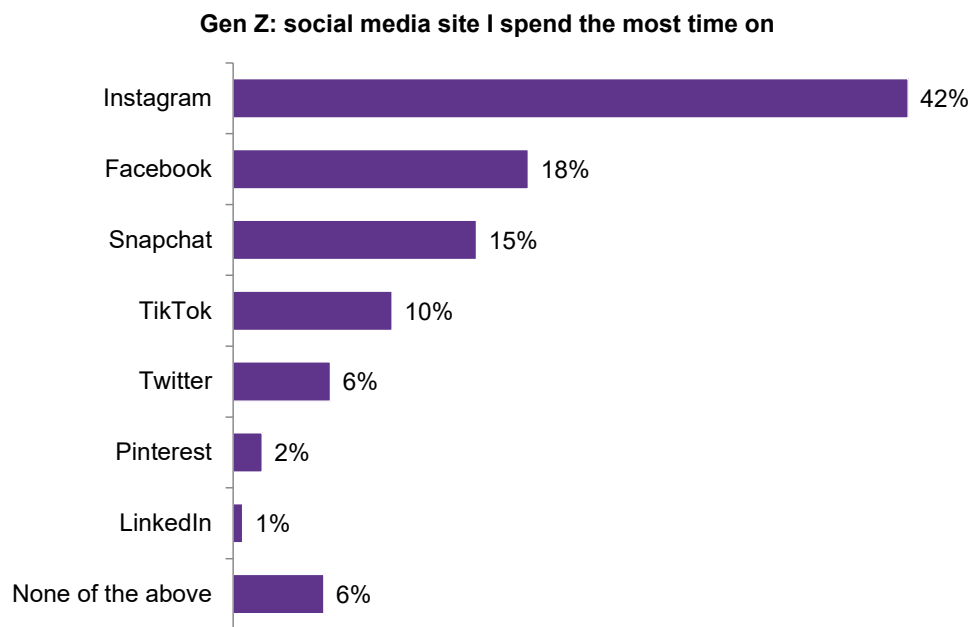
This analysis further supports the notion that Gen Z is the Instagram generation. Among those who use social media, nearly half of them say that Instagram is the platform they spend the most time on. The next-closest platform – Facebook – is the primary social media site/app for just half of that proportion. Even other platforms that skew heavily to Gen Z – Snapchat and TikTok – have relatively low proportions compared to Instagram when it comes to primary usage.

Perhaps the most concerning results here are for Facebook. Of course, its ownership of Instagram protects it against major financial losses resulting from a shift to that platform – but the Facebook brand itself seems to be struggling with Gen Z. It sees relatively high daily visits from Gen Z (57%), but few of those consumers say they spend the most time on Facebook.

A look at Facebook and Instagram preferences among generations makes it clear how Gen Z is different. Facebook is the most-used site for half of Millennials and two thirds of Gen X and Boomers – but it drops to just one fifth of Gen Z. Similarly, Instagram’s performance drops off significantly beyond Gen Z. This is not a gradual generational shift of one platform to another – there is a definitive difference in generations that suggests that Facebook is facing a unique challenge with Gen Z.

FIGURE 35: GEN Z SOCIAL MEDIA SITES SPENT MOST TIME ON, MARCH 2020

“On an average day, which of these social media apps/sites do you spend the most time on?”

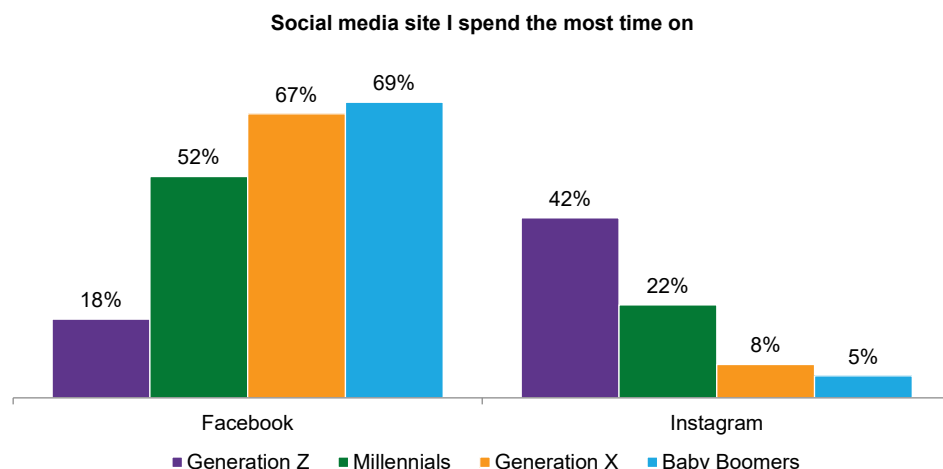


Base: 493 internet users aged 18-25 who use social media

Source: Lightspeed/Mintel

FIGURE 36: SOCIAL MEDIA SITES SPENT MOST TIME ON: FACEBOOK AND INSTAGRAM, BY GENERATION, MARCH 2020

“On an average day, which of these social media apps/sites do you spend the most time on?”



Base: 1,829 internet users aged 18-74 who use social media

Source: Lightspeed/Mintel

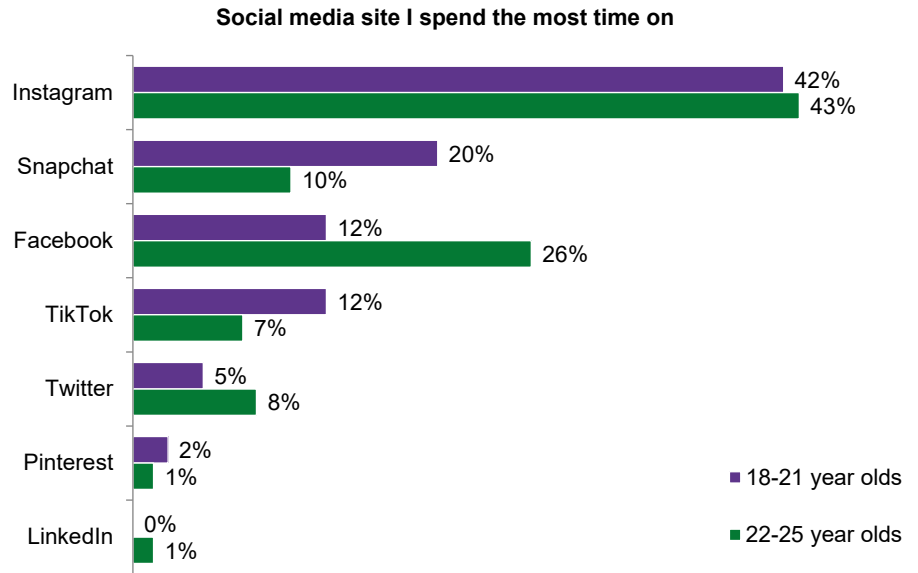
This challenge is even starker when looking more granularly at Gen Z. Instagram's position is similar among both younger (18-21 year olds) and older (22-25 year olds) Gen Z consumers. But the percentage of Gen Z who spend most of their social media time on Facebook is significantly lower among the youngest cohort; Snapchat outperforms Facebook among 18-21s, and TikTok has already caught up too. While 18-21 year olds ultimately represent a small proportion of the overall consumer base, they are proxies for future consumer preferences (ie the rest of Gen Z that is currently under 18). Therefore, not only has Facebook's role decreased significantly from Millennials to Gen Z, but it seems that it is going to continue to do so among today's youngest adults.

Using 18-21s as a proxy for today's teens who will soon be adults, it is further evidence of the power of visual content in social media. TikTok has already eclipsed Twitter on this metric for those 18-21 year olds, which succinctly illustrates the shift in demand from text (Twitter) to visuals (TikTok).

For social media companies like Facebook, the next step is to decide what its goals are for Gen Z. On one hand, it could pivot its current model to be more in line with what those consumers are looking for – but it risks alienating its current user base of older consumers. Alternatively, it could use Instagram as a specialized platform targeted directly at Gen Z while Facebook remains the go-to platform for Millennials and older

FIGURE 37: SOCIAL MEDIA SITES SPENT MOST TIME ON, 18-21S VS 22-25S, MARCH 2020

*“On an average day, which of these social media apps/sites do you spend the most time on?”*



Base: 493 internet users aged 18-25 who use social media  
Source: Lightspeed/Mintel

generations. In either case, it seems that Gen Z – who have grown up with social media rather than having it foisted upon them in adulthood like older generations – are the cause of a major reshuffle of top players in this category.

For other companies, the key implications here are around advertising opportunities. Not only is Instagram the optimal social media platform to use to communicate with

Gen Z, but the importance of imagery and videos to this generation suggests that it is not simply a matter of using the same ads across different platforms. Specifically, companies that are advertising on both Facebook and Instagram should cater their styles and messaging to those particular audiences in order to optimize those marketing investments.

# Social Media Activities

## Gen Z consumers use and create visual media

This Report has mentioned multiple times that Gen Z is a highly visual generation (see Digital Activities of Gen Z, Social Media Platform Usage sections). Their usage of Instagram – as well as the high proportion who take pictures and record video of themselves with their smartphones – highlights how important visual content is to them. It therefore makes sense that they are not only consuming lots of this visual content, they are also creating it.

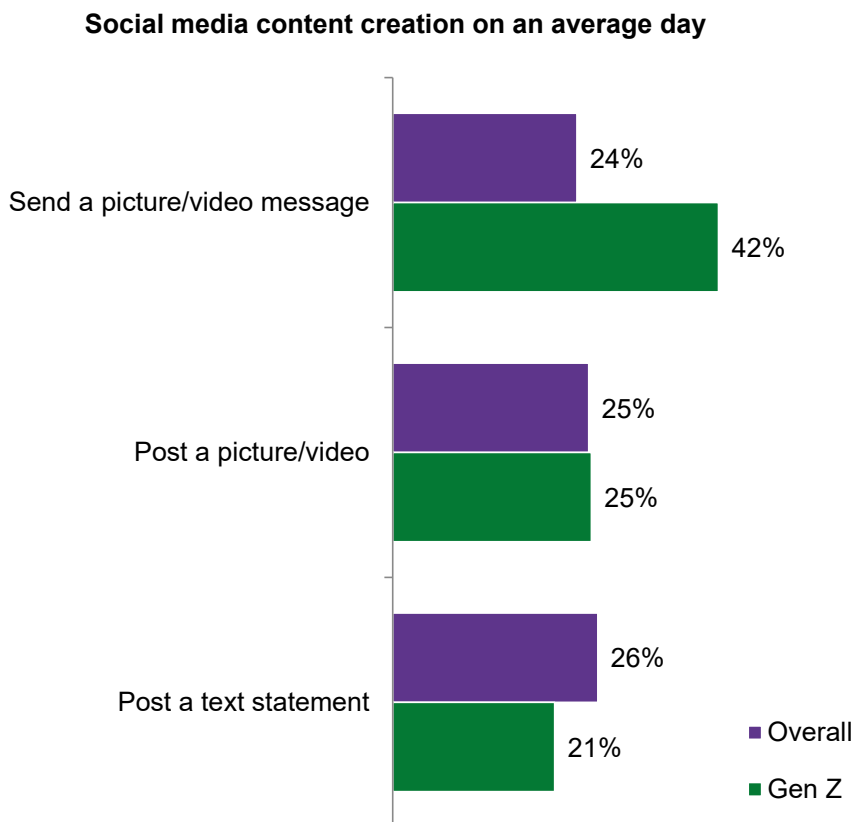
However, many of them are not creating content in the stereotypical way of social media; that is, taking pictures or recording video and then posting them publicly for the world to see. Only a quarter of Gen Z consumers post pictures/videos on a daily basis – which is the same proportion as the overall consumer base.

Where this generation differs is in their picture/video messaging behaviour. Nearly half of them send a picture/video message (ie a private message) on a daily basis using social media. This is likely driven by Snapchat, a picture/video messaging social media platform which over half (57%) of Gen Z visits on a daily basis.

This is a particularly noteworthy finding because it shows that Gen Z is not entirely unlike older generations, they are just utilizing the technology available to them. They are no more likely than the average consumer to post pictures or videos of themselves publicly – and actually less likely than average to post text statements – meaning they are not inherently a more open, public generation. In fact, there are more Millennials who post pictures/videos on an average day (34%) than Gen Z (25%). Qualitative research that asked about how comfortable these Gen Z consumers are with posting publicly helps illustrate that point:

FIGURE 38: SOCIAL MEDIA CONTENT CREATION ON AN AVERAGE DAY, OVERALL VS GEN Z, MARCH 2020

*“Which of the following activities do you do on social media during the average day? Please select all that apply.”*



Base: 1,891 internet users aged 18+ who use social media  
Source: Lightspeed/Mintel

*“Not very comfortable, I feel quite exposed and worry about what could be done with my content.”*

– 18-24 year old, Ontario female

*“I am not comfortable at all. I would rather publish something for my relatives or friends I trust.”*

– 18-24 year old, Quebec female

*“Not comfortable. I do not know where that photo will go and when it will turn up.”*

– 18-24 year old, Prairies Provinces female

Instead, they are engaging in similar private messaging behaviours as the average consumer, but they are using pictures and videos in those messages more often. This further supports the idea that this is a particularly visual generation as a result of the cameras and screens available to them – but that their personalities are not fundamentally different than those older than them.

**Gen Z's participation on others' social media is similar to average**

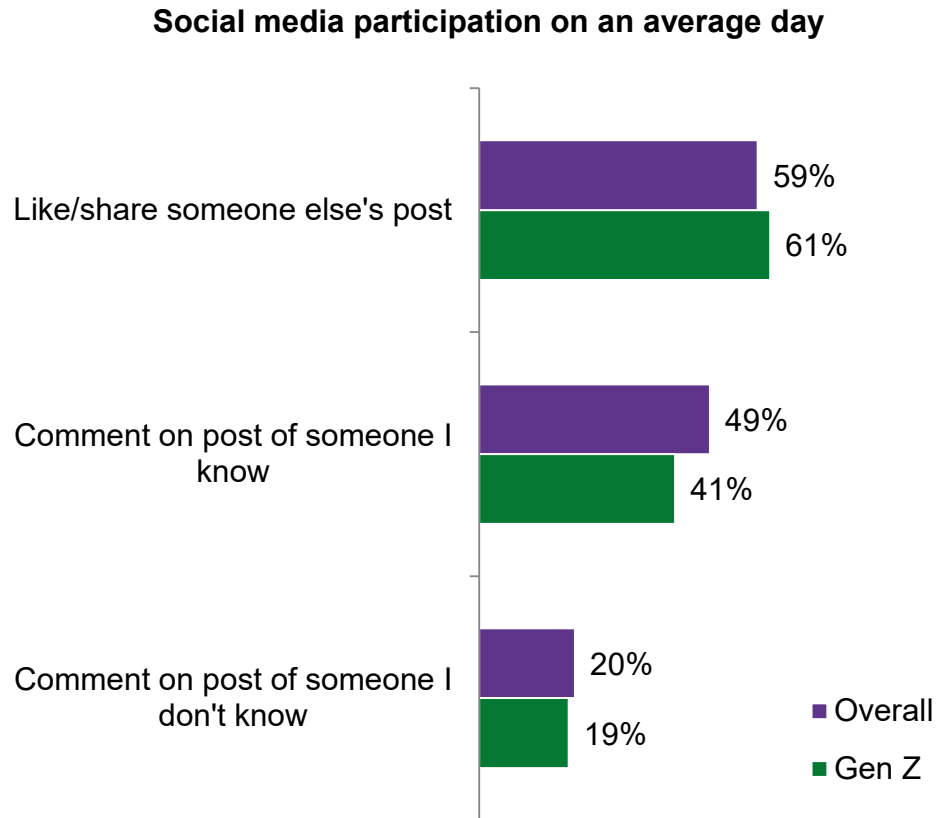
The other core aspect to social media usage is participation in others' feeds. Comments, likes and shares are all ways for consumers to engage with the content that other users have created. A look into how Gen Z consumers participate on others' feeds provides further insights into how they use social media.

There are a few notable takeaways from this comparison. The first is that Gen Z consumers are not disproportionately active when it comes to other people's social media. They are just as likely to like/share others' posts, but are actually less likely than average to comment on the posts of people they know. Like the findings above, this suggests that while social media plays an important role in this generation's lifestyle, they are not intrinsically different than the average consumer.

This is perhaps best illustrated by the share of Gen Z who comments on posts of people they do not know. Mintel's research found that 76% of Gen Z consumers who use YouTube follow a YouTube celebrity's channel (vs 37% overall) and 58% of those who visit TikTok follow a celebrity on that platform too. Yet despite this high level of following people they do not know on these sites, they are no more likely to comment on their posts than the average consumer. Again, this highlights that the world these young consumers have grown up in has shaped the channels they use to communicate and find entertainment – but that they ultimately have similar behaviours as the average consumer.

**FIGURE 39: SOCIAL MEDIA PARTICIPATION ON AN AVERAGE DAY, OVERALL VS GEN Z, MARCH 2020**

*"Which of the following activities do you do on social media during the average day? Please select all that apply."*



Base: 1,891 internet users aged 18+ who use social media  
Source: Lightspeed/Mintel

However, as will be seen next, there are some differences when it comes to the role social media plays in the lives of Gen Z. They may not be posting, commenting, liking or sharing any more than the average

consumer – but it does seem that they spend more energy thinking about social media than others.

## The role of social media in Gen Z lives

When it comes to social media, the biggest difference between Gen Z and other consumers is how invested they are in it personally. As shown above, their actions are not dissimilar from the average consumer – but the following data shows that their attitudes are unique.

Among Gen Z consumers who use social media, two thirds of them say that they typically check how many likes or shares their posts get – compared to less than half of consumers overall. This is even higher among women; 73% of Gen Z women typically check their likes/shares (vs 60% of Gen Z men).

Similarly, Gen Z consumers are about twice as likely as the average social media user to want to increase their followers on social media and hope to one day become an influencer. This suggests that Gen Z is putting a particularly high amount of mental energy into their social media experience, thinking about how well-received their posts are and looking to increase their reach and audience on these platforms.

One respondent provided qualitative feedback on why they want to increase their social media following and how they go about it:

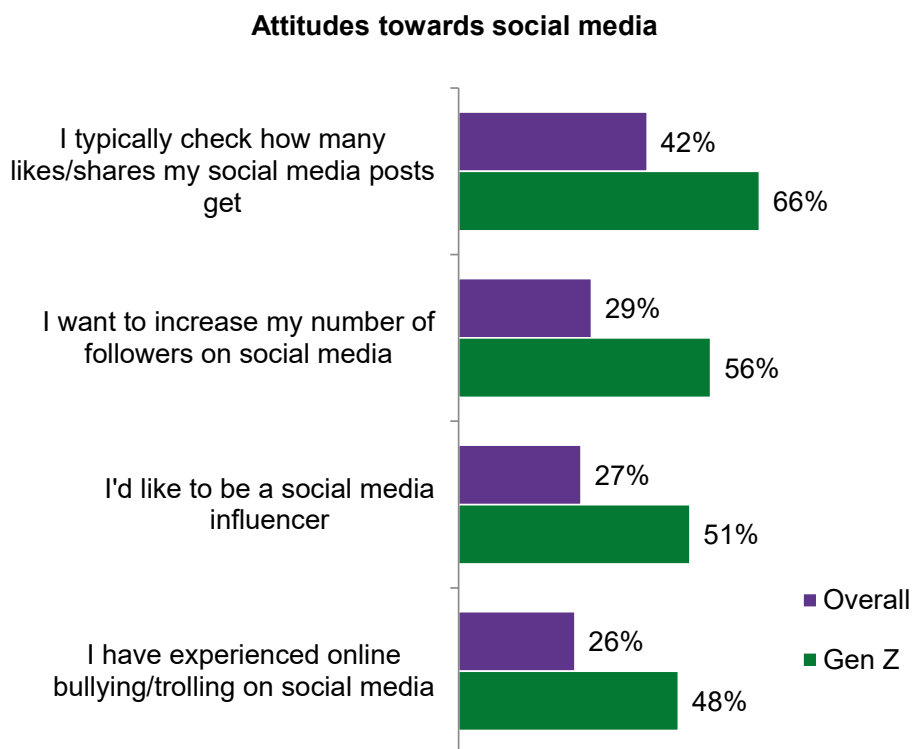
*“I am regularly trying to get more people to discover my profile. I do this so that I can have more likes or views on my posts and stories. When I’m looking to attract more people, I give shoutouts on my page, in exchange for a shoutout on their page.”*

– 18-24 year old, Ontario female

Perhaps the most worrying finding is that half of Gen Z social media users have experienced bullying/trolling on those platforms. Neither race nor gender makes a difference on this metric, though there is evidence of some regional difference. Only 32% of Quebec Gen Z consumers have experienced online bullying/trolling on social media – possibly as a result of their language and participating in a smaller French online community rather than a nearly global English one (ie fewer people

FIGURE 40: ATTITUDES TOWARDS SOCIAL MEDIA, OVERALL VS GEN Z, MARCH 2020

*“Do you agree or disagree with each of the following statements about technology?”*



Base: 1,891 internet users aged 18+ who use social media  
Source: Lightspeed/Mintel

seeing/reading one’s posts means fewer potential bullies/trolls).

Online behaviour does seem to play a role in this, however. While about half of Gen Z social media users have experienced bullying/trolling, that proportion is two thirds (65%) among those who post text statements on social media on a typical day. And among those who post pictures/videos, it is 55%. This suggests that individuals who put themselves out there on the public stage more often with their posts are the most likely to experience negative feedback. This is not surprising, but highlights why many Gen Z consumers may be hesitant to be more publicly active on social media.

### Concern for Gen Z mental wellbeing

The regularity of this negative behaviour – as well as the pervasive concern about likes, shares and numbers of followers –

could be having an adverse effect on this generation’s psyche. According to Mintel’s *Marketing to Gen Z – Canada, September 2019 Report*, 55% of Gen Z consumers feel that people are constantly judging them. A similar proportion (53%) say that social media sometimes makes them feel left out, while 51% say life seems easier for their friends than for them.

This is further evidence of how engrained social media is in Gen Z’s lifestyles and the ripple effects it has on them. Not only are they spending time and energy checking their likes/shares, trying to gain followers and dealing with bullies – they are simultaneously feeling judged, left out and inferior compared to their peers. Whereas older generations may see social media as a tool to pass the time and connect with friends, it is an intrinsic part of the Gen Z lifestyle that has significant ramifications for them.

There is evidence of these kinds of attitudes impacting mental health, too. A research paper from the *Journal of Adolescent Health*, titled *Trends in Mood and Anxiety Symptoms and Suicide-Related Outcomes Among US Undergraduates, 2007-2018* found that mental health concerns in undergraduates like depression and anxiety had increased significantly from 2007 to 2018 – which is the time period that encapsulates the shift from Millennials to Gen Z. And according to the American Psychological Association (APA), “*compared with other generations, Gen Z is least likely to report very good or excellent mental health.*” Another APA article found that almost two fifths of Gen Z say that they have felt bad about themselves as a result of using social media.

Of course, these mental health concerns are not all connected directly to social media as their main source. But these findings combined with Mintel’s research that shows how invested many Gen Z consumers are in social media helps illustrate the role it plays in their lives – and some of the potential negative effects of that. And while it is possible that these consumers will be less concerned with social media as they get older and take on more responsibilities, it is fair to expect that this is still a uniquely generational issue. That is because no other current adult generation has grown up with social media in the same way that Gen Z has; this is a generation that, for the most part, cannot remember a time before Facebook existed.

For marketers, this provides a more nuanced picture of how Gen Z uses and thinks about social media. On the surface, their activity is not that different from everyone else; aside from more picture and video personal messages, they are

engaging in the same behaviours as other users. The key difference is how invested they are in these platforms. Companies that are aiming to use social media as a marketing platform to target these Gen Z consumers need to be aware of how many of them are looking for a rewarding experience (eg likes/shares, more followers) but are also dealing with a considerable amount of negativity (eg bullying, fear of missing out). Knowing how challenging social media can be for Gen Z consumers, this means that using positivity could be an effective marketing tactic. Rather than simply adding to their Instagram and Twitter feeds with traditional advertisements, giving them a positive experience on those platforms could help a brand stand out from the rest of their social media that can often result in negative feelings.

One example of a brand that is putting fun and positivity into users’ social media feeds is Netflix. With nearly 400,000 Instagram followers, Netflix Canada often forgoes outright advertising and instead creates funny posts using images from shows in

its library. The result is that the brand is inserting something positive into the feeds of its Instagram users – which skew to Gen Z, based on the above findings. While it may be one small initiative, it highlights one way in which brands can try to connect with Gen Z consumers who may not always be experiencing positivity while on social media.

Ultimately, brands are not responsible for the realities of social media for Gen Z. Their unique attitudes towards these platforms – and the resulting challenges – have been brought upon by their upbringing in a world of social media. Nevertheless, brands can still be proactive with this knowledge and design their social media marketing plans with a better understanding of how Gen Z consumers think about and value these platforms. Brands cannot control the entire social media user experience, but they can use their positions to bring some positivity to platforms that can otherwise be challenging to some Gen Z consumers – and in doing so stand out to these sought-after consumers.

FIGURE 41: NETFLIX CANADA INSTAGRAM POST, APRIL 2020



Source: Instagram – Netflixca/Mintel

# Comparing Gen Z to Millennials

## Why a direct comparison is important

Most of this Report has compared Gen Z to overall consumers, in order to give a full picture of how Gen Z is unique. However, it is particularly important to compare them directly to Millennials for two reasons.

The first is simply due to the fact that they are adjacent generations; any differences between them would be particularly notable because it means behaviours and attitudes have changed significantly from one generation to the next.

The second reason is because there seems to be some confusion in public forums about Gen Z and Millennials; in particular, they are often grouped together. For instance, during the COVID-19 pandemic there were headlines such as *Hey, Millennials and Gen Z, this isn't spring break. It's a pandemic* from *The Philadelphia Inquirer* or *Millennial with coronavirus weighs in on spring break students heading to Florida beaches* from *Fox News*. Only 16% of Millennials are students compared to 60% of Gen Z – meaning these generalizations are conflating the two generations. Even outside of the COVID-19 crisis, articles like one titled *As Millennials and Gen-Z Become More Brand Conscious, How Will Professional Services Adapt?* from *Forbes* provide further evidence that many people are looking at these two generations as one large group of young people.

Therefore, it is important to look at a direct comparison between these two generations to understand what the similarities and differences are. In the same way that Gen X and Millennials differ, so too do Millennials and Gen Z.

## Millennials are at a different life stage than Gen Z

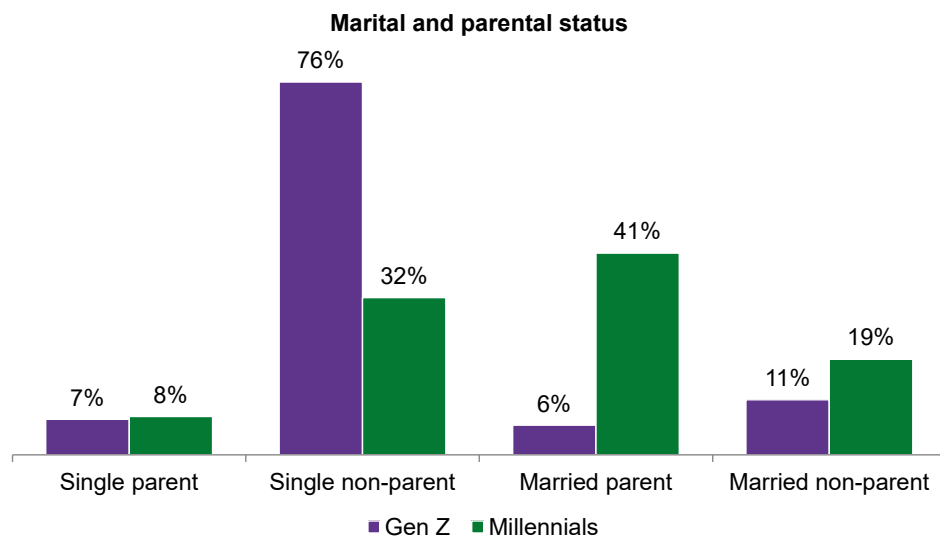
The most obvious difference between Gen Z and Millennials is their age. Adult Gen Z consumers are 18-25 years old today, while Millennials are 26-43 years old. As a result,

these two generations are in two completely different lifestages – which impacts their behaviours.

For instance, Gen Z consumers are much less likely than Millennials to have dependents. Three quarters of them are single and have no children, compared to just a third of Millennials who have neither a spouse nor children. The result is that Gen Z consumers can be much more focused on themselves than Millennials because of their younger age.

FIGURE 42: MARITAL AND PARENTAL STATUS, GEN Z VS MILLENNIALS, MARCH 2020

*“Are you the parent/guardian of any children in the following age groups who currently live in your household?”*  
*“What is your marital status?”*



Base: 1,156 internet users aged 18-43

Source: Lightspeed/Mintel

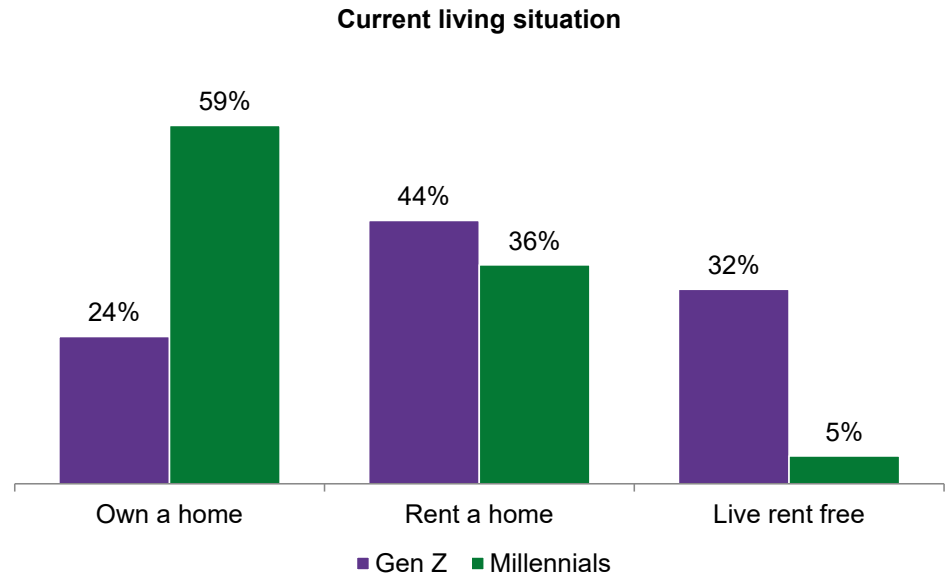


Not only do Gen Z consumers have few dependents, but many of them are still dependent on others at this point in their lives. A third of them are living rent-free, meaning they are depending on others to provide housing; in comparison, just 5% of Millennials live rent-free while more than half are homeowners.

Of course, this is not a judgment of Gen Z – just a reality because of their age. Since they are still so young, only 28% of them are working full-time compared to 69% of Millennials. Therefore, it is difficult for many of them to become financially independent and support their own rents/mortgages without the stability of full-time employment. But while that explains their current living situations, it also highlights how different their lives are than Millennials.

FIGURE 43: CURRENT LIVING SITUATION, GEN Z VS MILLENNIALS, MARCH 2020

*“Which of the following best describes your primary residence?”*

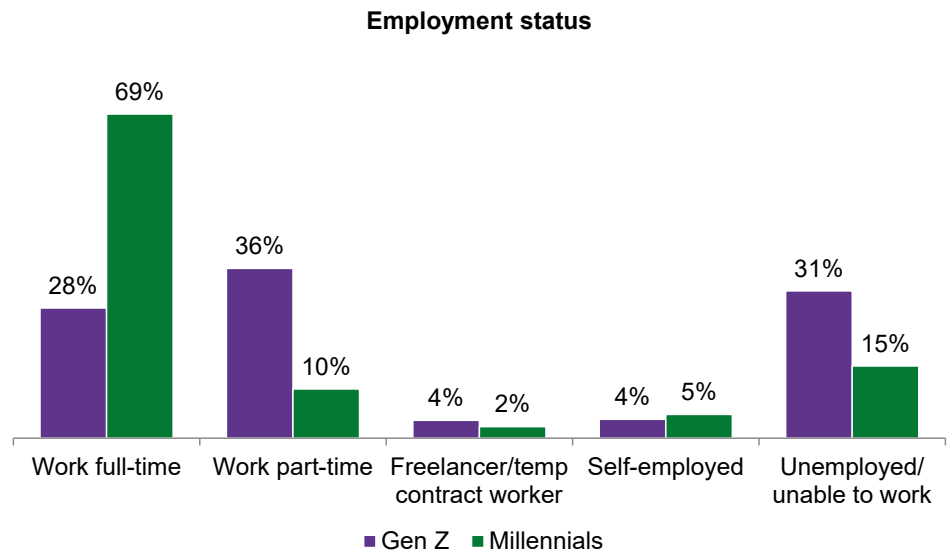


Base: 1,156 internet users aged 18-43

Source: Lightspeed/Mintel

FIGURE 44: EMPLOYMENT STATUS, GEN Z VS MILLENNIALS, MARCH 2020

*“Which of the following best describes your current employment status? If you have more than one source of employment, please select all that apply.”*



Base: 1,156 internet users aged 18-43

Source: Lightspeed/Mintel

Overall, none of these findings should be particularly surprising. It makes sense that most 18-25 year olds are not yet married nor have kids – and that many of them are still living at home with their parents due to their lack of stable, full-time employment. But these stark differences illustrate why combining Gen Z and Millennials as “young people” ultimately conflates two very different generations. These lifestage differences will get smaller in the years ahead as more of Gen Z start their careers, get married, have kids and buy homes – but the gap is still large today.

In other words, these above differences between Gen Z and Millennials are driven by age, not generations. Nevertheless, it is important for marketers to remember that their messaging today will resonate differently with Gen Z than it will with Millennials – simply because the two groups are at such different parts of their lives. As will be seen next, though, there is evidence of generational differences between these two groups that could last into the future even as Gen Z matures.

**Tech ownership suggests generational differences**

There is reason to believe that there are significant generational differences between Gen Z and Millennials when it comes to tech. These differences are driven by the worlds in which they grew up; most Millennials grew up during the 1990s and early 2000s and were either finishing their school careers or had already completed their educations by the time smartphones and social media became mainstream. Gen Z, on the other hand, were not even in high

school when the iPhone launched in 2007. Since the mid-2000s were so formative for digital tech – when both Facebook and the iPhone launched – consumers who grew up before and after that time had significantly different experiences.

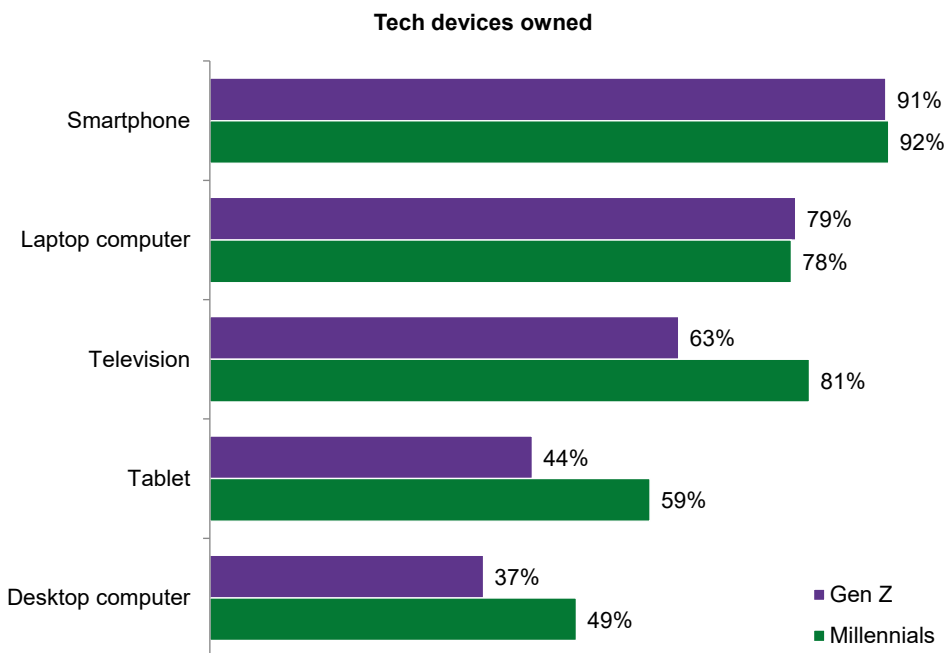
This is perhaps best reflected by smartphone ownership. Almost three quarters (72%) of Gen Z smartphone owners report that they have had one since they began high school, compared to just 28% of Millennials. That means that not only did most of Gen Z have a small computer with them at nearly all times during their teenage years – it means that almost all of their friends and peers had one too. This type of access to the internet and ability to

communicate instantly with each other – as well as having cameras within arm’s reach at all times – means that Gen Z has had a teenage experience unlike any other adult generation.

When it comes to device ownership, there are some noticeable differences between Gen Z and Millennials. Smartphone and laptop ownership levels are nearly identical between the two generations, indicating that both see the value of these devices. However, there are significant differences in TV, tablet and desktop computer ownership. The question is whether these differences are age-driven or generation-driven.

FIGURE 45: TECH DEVICES OWNED, GEN Z VS MILLENNIALS, MARCH 2020

*“Which of the following devices do you personally own?”*



Base: 1,156 internet users aged 18-43  
Source: Lightspeed/Mintel

The most likely answer is that it is a combination of the two. Gen Z's lower income levels – and lower incidence of living on their own – mean that they may not be able to afford (or need) TVs and tablets yet, but may buy them when they get to Millennials' current age range. However, there is ample evidence to suggest that the Gen Z generation simply does not value these devices in the same way.

Most Gen Z consumers (59%) who own a personal computer watch full-length TV shows/movies on those devices – compared to just 46% of Millennials. Similarly, 43% of Gen Z consumers who own smartphones watch full-length video content on those (vs 32% of Millennials). In other words, Gen Z seems to be more comfortable with these secondary screens to watch content – meaning TVs and tablets are not necessities for them. As mentioned earlier in this Report, Gen Z's gaming console usage (eg Xbox, PlayStation) could support TV sales for this generation – but likely not enough to compensate for their major shift away from TVs as central household fixtures. And considering four in five of them already own a laptop computer, it is unlikely many will feel the need to invest in a desktop in the future.

This is further evidence that marketing tech devices broadly to both Gen Z and Millennials overlooks the nuances of these generations and age groups. Smartphones and laptops may resonate similarly with both, but TVs, tablets and desktops are

much more relevant to one than the other. And considering the findings that suggest this is at least partly a factor of generation – and not just current age – there is reason to believe that tech brands will need to adapt their strategies going forward as Gen Z purchasing power increases in the years ahead.

### Gen Z uses media differently than Millennials

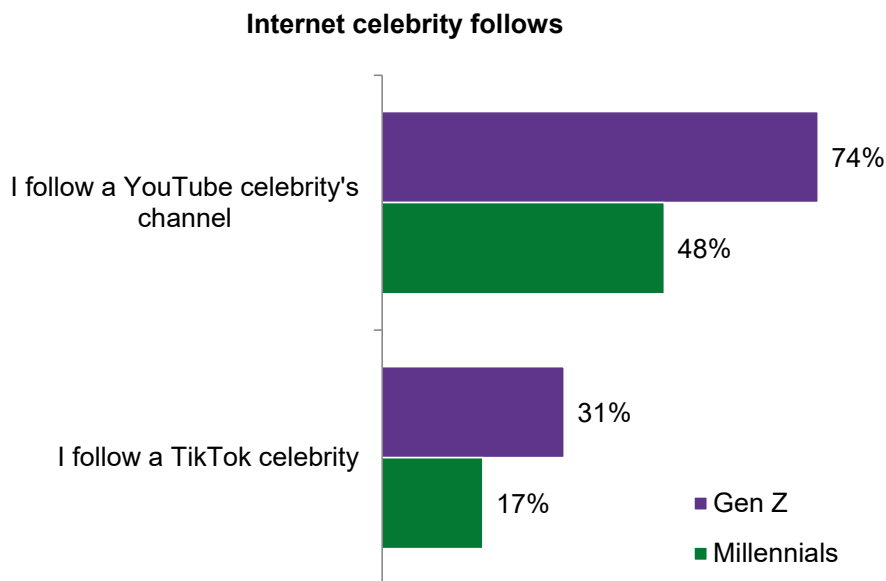
Media consumption is also significantly different between Gen Z and Millennial consumers. As previously mentioned, Millennials' childhoods were similar to older generations – with a major focus on traditional television as the central media option. However, with the internet driving

a shift to streaming platforms in the last decade, Gen Z has come of age with many more options. The result is that their media habits are unique compared to older generations, including Millennials.

For instance, Gen Z consumers are much more likely to leverage websites and social media as a form of entertainment. Three quarters of them follow a YouTube celebrity's channel (ie someone with 100,000 or more subscribers) and a third follow a TikTok celebrity (ie someone with 100,000 or more followers). Both of these proportions are significantly higher than Millennials, suggesting that Gen Z is accessing video content that older generations are not.

FIGURE 46: INTERNET CELEBRITY FOLLOWS, GEN Z VS MILLENNIALS, MARCH 2020

*“Do you agree or disagree with each of the following statements about technology?”*



Base: 1,156 internet users aged 18-43

Source: Lightspeed/Mintel

There are other instances of Gen Z approaching media and entertainment differently than Millennials – such as the role video games plays in their lives. According to Mintel’s *Esports and Gaming – Canada, March 2020 Report*, Gen Z is significantly more likely to play online video games than Millennials (53% vs 37%). And according to Mintel’s *Marketing to Gen Z – Canada, June 2020 Report*, 45% of Gen Z consumers play video games to manage stress (vs 35% of Millennials) and 46% would rather play video games than watch TV/streaming video (vs 27% of Millennials).

Furthermore, they are significantly more likely to get their news from social media than Millennials (see *News Media – Canada, September 2019*). And they are also less likely to follow traditional content; only 33% of Gen Z follows the NHL compared to 48% of Millennials (see *Sports Media Consumers – Canada, February 2020*). Put simply, their demand for content and entertainment is markedly different than Millennials – which is further evidence of why these consumers need to be looked at by marketers as two disparate groups.

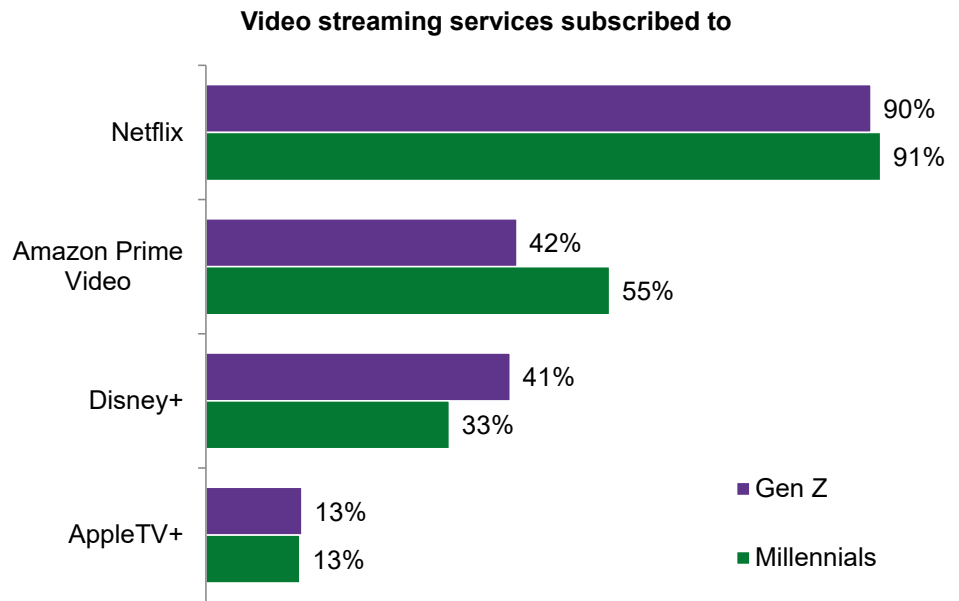
Even among media options that are popular with all generations, Gen Z has a unique kind of demand. According to Mintel’s *Subscription Media – Canada, April*

2020 Report, as many Gen Z consumers subscribe to video streaming services as Millennials (72% of each group). And while Netflix is the clear leader of that market, Gen Z is significantly more likely than Millennials to subscribe to Disney+, while Millennials skew to Amazon Prime Video (likely due in part to the free shipping benefits of a Prime membership). In fact, Gen Z consumers are slightly more likely

than parents to subscribe to Disney+ (41% vs 36%) – who would presumably have the most use for this service to entertain their kids. This shows that Disney has effectively positioned its video library of nostalgic classics (eg *Toy Story, Hannah Montana*) and modern, exclusive content (eg *The Mandalorian, Hamilton*) as a way to attract today’s youngest adults.

FIGURE 47: VIDEO STREAMING SERVICES SUBSCRIBED TO, GEN Z VS MILLENNIALS, JANUARY 2020

“Which of the following video streaming services do you subscribe to, or plan to subscribe to?”



Base: 702 internet users aged 18-43 who subscribe to a video streaming service

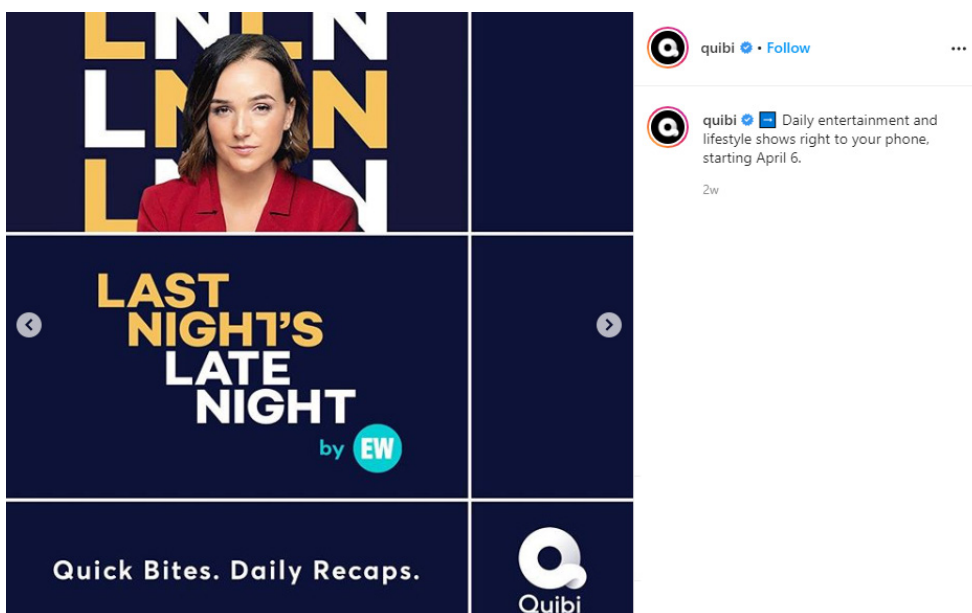
Source: Lightspeed/Mintel

Finally, their preferences with respect to how they access their video content are different than Millennials. According to Mintel's *Digital Trends (Hardware) – Canada, November 2019 Report*, 32% of Gen Z strongly agree that online streaming is more important to them than broadcast or cable TV (vs 23% of Millennials). Furthermore, 28% of them strongly agree that they prefer to watch video on a computer or mobile device than on a TV (vs 14% of Millennials).

This suggests that not only is Gen Z consuming different content than Millennials, they are accessing it in different ways. This unique approach to the media market was likely a driving factor in the creation of a platform like Quibi (a portmanteau of “quick bites”), which is a mobile-only video streaming service that carries shows with short runtimes. While the success of this platform remains to be seen, its launch indicates that media brands are starting to react to the emerging demands of Gen Z.

All of these findings go to show that Gen Z is a unique generation compared to any before them. The rapid evolution of technology and media over the past few decades means that their lives have been significantly different than even the generation a few years older than them, Millennials. As a result, many traditional consumer behaviours that were taken for granted have suddenly come into question. TVs are no longer the central source of entertainment, desktop computers have

FIGURE 48: QUIBI INSTAGRAM POST, APRIL 2020



Source: Instagram – Quibi/Mintel

become niche and social media celebrities are developing followings that rival movie and music stars.

For marketers in the tech and media industries, this means developing unique strategies and tactics to communicate with these Gen Z consumers. Gen Z consumers are more mobile and on-the-go than other consumers and are a highly visual consumer group – driven by the screens, cameras and social media that are constantly available to them. This is the

first generation ever to have grown up with computers, internet, smartphones and social media as daily activities – in the same way that Boomers were the first to grow up with televisions as household fixtures. Therefore, marketers need to treat this group of consumers differently than they would other generations – and the first step to doing that is acknowledging that Gen Z and Millennials are two very different types of consumers.

# APPENDIX



# Data Sources and Abbreviations

## Data sources

### Consumer survey data

For the purposes of this Report, Mintel commissioned exclusive consumer research through Lightspeed to explore consumer tech behaviours and attitudes with a specific focus on Gen Z (18-25 year olds). Mintel was responsible for the survey design, data analysis and reporting. Fieldwork was conducted in March 2020 among a sample of 2,190 adults aged 18+ with access to the internet. The fieldwork included sample of an additional 190 18-25 year olds to allow for more granular analysis of the target demographic – but in order to avoid disproportionately high representation of 18-25s in the overall analysis, any figures that refer to “overall” in this Report do not include that additional sample (ie “overall” refers to a representative base of 2,000 internet users aged 18+).

Mintel selects survey respondents by gender, age, household income and region so that they are proportionally representative of the Canadian adult population using the internet. Please note that Mintel surveys are conducted online and in English and French.

### Consumer qualitative research

In addition to quantitative consumer research, Mintel also conducted an online discussion group among a demographically mixed group of adults aged 18+. This discussion group was asynchronous (ie not run in real time), functioning like a blog or bulletin board, with questions remaining posted for a predetermined period of time. This method allows participants to respond reflectively, at their leisure, or to log off to think about any issues raised, and return later to respond. Participants were recruited from Lightspeed’s online consumer panel with responses collected in April 2020. Relevant quotes are included verbatim, and as such, include typos and other grammatical errors as they originally appeared.

## Abbreviations and terms

The following is a list of abbreviations and terms used in this Report.

### Abbreviations

<b>CAMH</b>	Centre for Addiction and Mental Health
<b>OTC</b>	Over the counter
<b>PC</b>	Personal computer
<b>PPE</b>	Personal protective equipment
<b>US/USA</b>	United States/United States of America
<b>WHO</b>	World Health Organization

### Terms

<b>Boomers</b>	The generation born between 1946 and 1964
<b>COVID-19</b>	Disease caused by the novel coronavirus
<b>E-bike</b>	Electric bicycle
<b>Gen X</b>	The generation born between 1965 and 1976
<b>Gen Z</b>	The generation born between 1995 and 2007. As Mintel Canada surveys only adults, this Report only discusses the habits of adult Gen Z, ie those aged 18-25
<b>Millennials</b>	The generation born between 1977 and 1994
<b>MP3</b>	A digital audio file format
<b>Social media influencer</b>	A social media user with a large number of followers, often resulting in brand sponsorships
<b>Swing generation</b>	The generation born in 1945 or earlier
<b>Trolling</b>	The act of purposefully upsetting someone using online comments
<b>Xbox Game Pass</b>	A video game subscription service that allows users to download from a library of games

# RESEARCH METHODOLOGY





# Canada Research Methodology

Mintel is an independent market analysis company that prides itself on supplying objective information on a whole range of markets and marketing issues.

There are six main sources of research that are used in the compilation of Mintel reports:

- Consumer research
- Social media research
- Desk research
- Trade research
- Statistical forecasting

Mintel reports are written and managed by analysts with experience in the relevant markets.

## Consumer research

Exclusive and original quantitative consumer research is commissioned for almost all Mintel reports. In addition, qualitative research is also undertaken for a large proportion of reports in the form of online discussion groups. Mintel invests a considerable sum each year in consumer research, and the purchaser of a Mintel report benefits, as the price of an individual report is less than the cost of the original research alone. The research brings an up-to-date and unique insight into topical issues of importance.

Consumer research is conducted among a nationally representative sample of internet users in Canada and is carried out by Lightspeed. The results are only available in Mintel reports. Note that Mintel's exclusive research is conducted online in both English and French.

Starting in July 2017, Mintel's consumer research has been conducted using a device agnostic platform for online surveys (ie respondents can now take surveys from a smartphone in addition to a computer or tablet). This methodology change may result in data differences from previous years; any trending should be done with caution.

## Sampling

### Online Surveys

#### Lightspeed

Founded in 1996, Lightspeed's double opt-in U.S. online consumer panel contains approximately 1.27 million U.S. consumers. Lightspeed recruits its panelists through many different sources including web advertising, permission-based databases and partner-recruited panels.

*Note: Lightspeed GMI was re-branded as Lightspeed in September 2016.*

Mintel sets quotas on age and gender, region, and household income. Specific quotas for a sample of 2,000 adults aged 18+ are shown below.

Please note: these quotas are only representative of a standard General Population survey sample of 2,000 internet users aged 18+. Sample size, targets, and quotas may vary per report. Please see the Report Appendix for further details.

Age groups by gender	%	N
Male, 18-24	8.1%	161
Male, 25-34	10.3%	205
Male, 35-44	8.1%	161
Male, 45-54	8.6%	172
Male, 55-64	7.6%	153
Male, 65+	7.4%	148

Female, 18-24	6.1%	121
Female, 25-34	8.4%	168
Female, 35-44	9.0%	181
Female, 45-54	8.7%	175
Female, 55-64	9.6%	192
Female, 65+	8.2%	163
<b>Total</b>	<b>100</b>	<b>2,000</b>

Region	%	N
Ontario	39.5%	789
Quebec	23.3%	466
British Columbia	12.7%	254
Alberta	11.8%	236
Saskatchewan	2.7%	53
Manitoba	3.7%	74
Atlantic Provinces (New Brunswick, Newfoundland/Labrador, Nova Scotia, Prince Edward Island)	6.4%	128
<b>Total*</b>	<b>100</b>	<b>2,000</b>

\*Mintel does not include rural regions such as the Yukon or the Northwest Territories (including Nunavut) in its research. Thus the consumer research data does not reflect opinions and behaviours of the population living in those areas.

Household income	%	N
Less than \$25,000	14.0	281
\$25,000 - \$49,999	20.8	416
\$50,000 - \$69,999	15.0	300
\$70,000 - \$99,999	17.8	356
\$100,000 and over	32.4	647
<b>Total</b>	<b>100</b>	<b>2,000</b>

## Secondary Data Analysis

In addition to exclusively commissioned surveys, Mintel gathers syndicated data from other respected consumer research firms. This allows Mintel analysts to form objective and cohesive analyses of consumer attitudes and behaviours.

## Qualitative Research

### Recollective

Recollective provides Mintel with online qualitative research software. This allows the creation of Internet-based, 'virtual' venues where participants recruited from Mintel's online surveys gather and engage in interactive, text-based discussions led by Mintel moderators.

### Further Analysis

Mintel employs numerous quantitative data analysis techniques to enhance the value of our consumer research. The techniques used vary from one report to another. Below describes some of the more commonly used techniques.

### Repertoire Analysis

This is used to create consumer groups based on reported behaviour or attitudes. Consumer responses of the same value (or list of values) across a list of survey items are tallied into a single variable. The repertoire variable summarises the number of occurrences in which the value or values appear among a list of survey items. For example, a repertoire of brand purchasing might produce groups of those that purchase 1-2 brands, 3-4 brands and 5 or more brands. Each subgroup should be large enough (ie N=75+) to analyse.

### Cluster Analysis

This technique assigns a set of individual people in to groups called clusters on the basis of one or more question responses, so that respondents within the same cluster are in some sense closer or more similar to one another than to respondents that were grouped into a different cluster.

## Correspondence Analysis

This is a statistical visualisation method for picturing the associations between rows (image, attitudes) and columns (brands, products, segments, etc.) of a two-way contingency table. It allows us to display brand images (and/or consumer attitudes towards brands) related to each brand covered in this survey in a joint space that is easy to understand. The significance of the relationship between a brand and its associated image is measured using the Chi-square test. If two brands have similar response patterns regarding their perceived images, they are assigned similar scores on underlying dimensions and will then be displayed close to each other in the perceptual map.

### CHAID analysis

CHAID (Chi-squared Automatic Interaction Detection), a type of decision tree analysis, is used to highlight key target groups in a sample by identifying which sub-groups are more likely to show a particular characteristic. This analysis subdivides the sample into a series of subgroups that share similar characteristics towards a specific response variable and allows us to identify which combinations have the highest response rates for the target variable. It is commonly used to understand and visualise the relationship between a variable of interest such as "interest in trying a new product" and other characteristics of the sample, such as demographic composition.

### Key Driver Analysis

Key driver analysis can be a useful tool in helping to prioritise focus between different factors which may impact key performance indicators (eg satisfaction, likelihood to switch providers, likelihood to recommend a brand, etc). Using correlations analysis or regression analysis we can get an understanding of which factors or attributes of a market have the strongest association or "link" with a positive performance on key performance indicators (KPIs). Hence, we are able to identify which factors or attributes are relatively more critical in a market category compared to others and ensures that often limited resources can be allocated to focusing on the main market drivers.

## TURF Analysis

TURF (Total Unduplicated Reach & Frequency) analysis identifies the mix of features, attributes, or messages that will attract the largest number of unique respondents. It is typically used when the number of features or attributes must be or should be limited, but the goal is still to reach the widest possible audience. By identifying the Total Unduplicated Reach, it is possible to maximize the number of people who find one or more of their preferred features or attributes in the product line. The resulting output from TURF is additive, with each additional feature increasing total reach. The chart is read from left to right, with each arrow indicating the incremental change in total reach when adding a new feature. The final bar represents the maximum reach of the total population when all shown features are offered.

## Social Media Research

To complement its exclusive consumer research, Mintel tracks and analyses social media data for inclusion in selected reports. Using Infegy's Atlas software, Mintel 'listens in' on online conversations across a range of social platforms including Facebook, Twitter, consumer forums and the wider web.

Atlas provides rich consumer insight via the analysis of commentary posted publicly on the internet. The system performs comprehensive and broad collection of data from millions of internet sources, working to ensure a faithful and extensive sampling of feedback from the widest range of individuals. The dataset contains commentary posted in real time, as well as a substantial archive dating back through 2007.

## Trade research

### Informal

Trade research is undertaken for all reports. This involves contacting relevant players in the trade, not only to gain information concerning their own operations, but also to obtain explanations and views of the strategic issues pertinent to the market being researched. Such is Mintel's concern

with accuracy that draft copies of reports are sent to industry representatives, to get their feedback and avoid any misrepresentation of the market. These comments are incorporated into reports prior to final publication.

### Formal

Internally, Mintel's analysts undertake extensive trade interviews with selected key experts in the field for the majority of reports. The purpose of these interviews is to assess key issues in the market place in order to ensure that any research undertaken takes these into account.

In addition, using experienced external researchers, trade research is undertaken for some reports. This takes the form of full trade interview questionnaires and direct quotes are included in the report and analysed by experts in the field. This gives a valuable insight into a range of trade views of topical issues.

### Desk research

Mintel has an internal team of market analysts who monitor: government statistics, consumer and trade association statistics, manufacturer sponsored reports, annual company reports and accounts, directories, press articles from around the world and online databases. The latter are extracted from hundreds of publications and websites, both Canada and overseas. All information is cross-referenced for immediate access.

Data from other published sources are the latest available at the time of writing the report.

This information is supplemented by an extensive library of Mintel's reports produced since 1972 globally and added to each year by the 500+ reports which are produced annually.

In addition to in-house sources, researchers also occasionally use outside libraries such as Statistics Canada and the Canadian Grocer. Other information is also gathered from store and exhibition visits across Canada, as well as using other databases within the Mintel Group, such as the Global New Product Database (GNPD), which monitors FMCG sales promotions.

All analysts have access to Mintel's Market Size and Macroeconomic Databases – a database containing many areas of consumer spending and retail sales as well as macroeconomic and demographic factors which impinge on consumer spending patterns..

The database is used in conjunction with an SPSS forecasting program which uses weighted historical correlations of market dynamics, with independent variables, to produce future spending scenarios.

## Statistical Forecasting

### Statistical modelling

For the majority of reports, Mintel produces five-year forecasts based on an advanced statistical technique known as 'multivariate time series auto-regression' using the statistical software package SPSS.

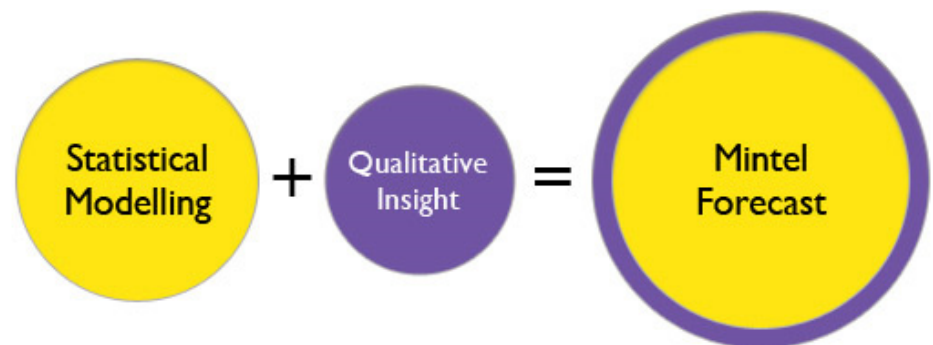
Historical market size data feeding into each forecast are collated in Mintel's own market size database and supplemented by macro- and socio-economic data sourced from organisations such as Statistics Canada, The Bank of Canada, The Conference Board of Canada and the Economist Intelligence Unit.

Within the forecasting process, the model searches for, and analyses relationships between, actual market sizes and a selection of key economic and demographic factors (independent variables) in order to identify those predictors having the most influence on the market.

Factors used in a forecast are stated in the relevant report section alongside an interpretation of their role in explaining the development in demand for the product or market in question.

### Qualitative insight

At Mintel we understand that historic data is limited in its capacity to act as the only force behind the future state of markets. Thus, rich qualitative insights from industry experts regarding past and future events that may impact the market play a crucial role in our post statistical modeling evaluation process.



As a result, the Mintel forecast allows for additional factors or market conditions outside of the capacity of the data analysis to impact the market forecast model, using a rigorous statistical process complemented by in-depth market knowledge and expertise.

### The Mintel fan chart

Forecasts of future economic outcomes are always subject to uncertainty. In order to raise awareness amongst our clients and to illustrate this uncertainty, Mintel has introduced a new way of displaying market size forecasts in the form of a fan-chart.

Next to historical market sizes and a current year estimate, the fan chart illustrates the probability of various outcomes for the market value/volume over the next five years.

At a 95% confidence interval, we are saying that 95 out of 100 times the forecast will

fall within these outer limits, which we call the best and worst case forecasts. These, based on the statistically driven forecast, are the highest (best case) and lowest (worst case) market sizes the market is expected to achieve.

Over the next five years, the widening bands successively show the developments that occur within 95%, 90%, 70% and 50% probability intervals. Statistical processes predict the central forecast to fall within the darker shaded area which illustrates 50% probability, i.e. a 5 in 10 chance.

A general conclusion: Based on our current knowledge of given historic market size data as well as projections for key macro- and socio-economic measures that were used to create the forecast, we can assume that in 95% of the time the actual market size will fall within the purple shaded fan. In 5% of all cases this model might not be correct due to random errors and the actual market size will fall out of these boundaries.

### Weather analogy

To illustrate uncertainty in forecasting in an everyday example, let us assume the following weather forecast was produced based on the meteorologists' current knowledge of the previous weather condition during the last few days, atmospheric observations, incoming weather fronts etc.

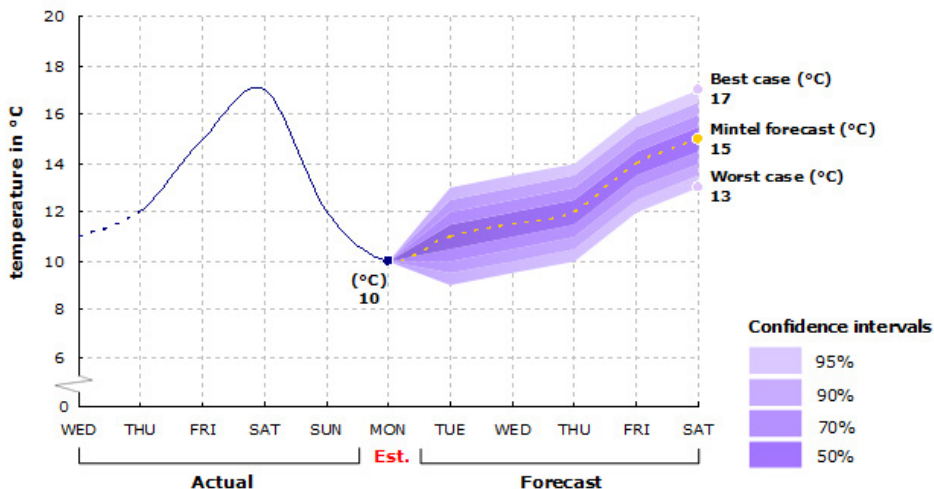
Now, how accurate is this forecast and how certain can we be that the temperature on Saturday will indeed be 15°C?

To state that *the temperature in central London on Saturday will rise to exactly 15°C* is possible but one can't be 100% certain about that fact.

To say *the temperature on Saturday will be between 13°C and 17°C* is a broader statement and much more probable.

In general, we can say that based on the existing statistical model, one can be 95% certain that the temperature on Saturday will be between 13°C and 17°C, and respectively 50% certain it will be between about 14.5°C and 15.5°C. Again, only in 5% of all cases this model might not be correct due to random errors and the actual temperature on Saturday will fall out of these boundaries and thus will be below 13°C or above 17°C.

(To learn more about uncertainty in weather forecasts visit: <http://research.metoffice.gov.uk/research/nwp/ensemble/uncertainty.html>)



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