

The Vermeer Podcast – Episode 3

Gen Z in Charge — Are You Ready? | Scaling for Change Across Generations

Dave Wisniewski:

Hello again, and welcome back to our special podcast series: Scaling for Change Across Generations. I'm Dave Wisniewski, Vice President of Commercialization at Vermeer, and I'm thrilled to welcome you back for the second podcast in our series. Our expert, Jason Dorsey, is a leading authority on Generation Z. He's led more than 60 studies, done more than 200 television shows and is a bestselling author and just incredibly passionate about generations. On today's podcast, he's going to be taking us through the mindset of Generation Z to help us understand their point of view. This is a very important generation to understand and we at Vermeer are thrilled to be able to bring you this podcast today. Welcome to the show, Jason.

Jason Dorsey:

Hello everyone. This is Jason Dorsey and welcome back to our second podcast in our series as we look at leading, engaging, influencing, and creating trust across generations. Thanks again for that wonderful introduction and to the amazing leaders at Vermeer for making all of this possible. Today, we're going to do a deep dive into Generation Z. If you missed our first podcast, definitely go back and listen to that one. In that podcast, I talk about what a generation is and is not. I also give an overview of each of the different generations and that includes Millennials, Gen X and Baby Boomers.

Today's podcast, though, we're going to focus on Generation Z. This is the new emerging generation. It's a generation we are so incredibly passionate about researching here at the Center for Generational Kinetics, really trying to understand what is going on with this generation right now. What do you as a leader need to know? What do you need to know to recruit them, to manage them, to best engage them? And then on the flip side, what does it take to market, sell to and build trust with this generation?

In the time we have today, I want to talk about what's shaping Gen Z. A lot of this comes from the work we've done in our new book called Zconomy: How Gen Z Will Change the Future of Business-And What To Do About It. It comes out in September 2020. So this is a sneak peek of that, that you're getting courtesy of Vermeer, so thanks again for that. When we think about Gen Z, what do we need to know at a high level, in order to accurately understand how to engage them, how to think about them and their view of the world?

The first is looking at generation-defining moments. If you caught the first podcast, you know that the generation-defining moment for Millennials was September 11, 2001. That was their "Where were you when," moment, but Gen Z does not remember 9/11. It's one of the big discoveries here at our research center, which has gotten tons of media attention over the years, is that 9/11 is one of those events that you either remember and that you remember exactly where you were, and it changed your view of the world, and it created fear and uncertainty and everything else. I know for me as a Millennial, it was one of the worst days of my life. I'll never forget it.

And then on the flip side again, Gen Z doesn't remember 9/11. So they were born, based on that, somewhere around 1996, right around there, which makes the oldest approximately 24 years old. They were born about 1996 and here's what's interesting. We didn't know when the generation ended, because in order to tell when a generation ended, you either need a generation-defining moment or you need to see enough change over a period of time that you can look back and say, "Okay, that's where one generation stopped and a new generation began." It's sort of like you don't know a recession is over until enough time has passed that you can point back on the calendar and say, "Oh, that's where it ended." It's the same when it comes to generational research. And since we're specifically behavioral researchers, we're really trying to understand the underlying motivations, and mindset, and the drivers that are leading to all this data that everybody else is tracking.

So when we start to look at Gen Z, what we see is they don't remember 9/11. But what are the types of things that they do remember? They remember the iPhone. That's a very big one for them. They have come of age always having YouTube of some sort, which is really interesting. So they've had YouTube, they've gotten very accustomed to Netflix, all these different ways, even TikTok, which obviously they're massive early adopters of. So the generation has come of age with some very different ways to engage and think about social media, digital media, news, and so forth.

In fact, in a recent study that we led nationally, we saw that Gen Z most trusts social media influencers over experts, over traditional media, and even over academics and CEOs. So they're placing a different level of trust and connection when it comes to digital media, particularly social media through their phone. Gen Z, when we think about who shaped them, the number one driver of shaping generations is parenting. And Gen Z, their parents are who? Their parents are primarily Millennials and Gen X.

So what you end up with are Gen Xers were the first group of parents that raised Gen Z. And then the second group of parents are older Millennials. And that's really important because Gen X and Millennials as parents, based on our research, really tried to raise their kids differently than they saw the generations right before them. Because as many of them said in our interviews that they didn't want their kids to end up entitled and always wanting a trophy and so forth, which is super fascinating.

So what do we see when it comes to Gen Z? We see that because of how they were raised, they also were heavily exposed to the Great Recession through parenting. What do I mean by that? Gen Z was not in the workforce during the Great Recession. There are people running around saying, "Oh, Gen Z was in the workforce during the Great Recession." No, they were not. They were 12. They weren't in the workforce, but their parents were. And they saw their parents lose their jobs. They saw people lose their houses. They saw all these awful headlines in the media. And so because of the Great Recession, Gen Z is much more practical or conservative with their money, even more so than Millennials, which is – when we dive into that, what do we see?

We see, in one of the studies we led, 12% of Gen Zers were already saving for retirement. A really significant percentage of them have emergency accounts, so they're much more conservative with their money because they saw the Great Recession. They understood what was going on, but they get the benefit of learning from it without going through it in the way that Millennials did, because obviously millennials crashed at the Great Recession. So Gen Z has a different view of money. They're much more practical with their spending. They've been driving significant growth with thrift stores prior to COVID-19. And then when we dig in a little bit more, so they've got this very different relationship with technology. They anticipate doing everything through a mobile device first. To them, YouTube really is a search engine. What we also see is that they bring this different view of spending money and they have different generations of parents. And you begin to put this together and you start to see, wow, this generation really is very different.

So what has COVID-19 done in terms of impacting them? This is an area we're studying intensely right now. And we're seeing that depending on Gen Z's life stage, and by that, I mean their current age and are they in one of these transitional years, they're having a different experience. Let me walk you through a few of those. If you're a Gen Zer and you've been out in the world working for a few years, many Gen Zers felt like and told us they were finally feeling like they were getting on their feet and they were being increasingly self-reliant and increasingly independent. And then many times these Gen Zers were the first laid off because they disproportionately worked in things like hospitality, entry level jobs, travel, tourism, restaurants, you name it. And so in many of those places, obviously those were heavily, heavily influenced by COVID-19 right up front.

At the same time, Gen Z suffered from a bit of the last hired, first fired, which is happening in many places. So those Gen Zers feel like the rug was really pulled out from underneath them right when they were finally, finally feeling like they were creating some momentum around their careers, whether they were career starters, entry level jobs, or young professionals. Where it gets even more interesting, though, is around college. What we're seeing is that seniors in college right now who are Gen Z are the ones who may be most impacted by this near term. They don't know if their job offers are going to be extended. Are they still going to have a job when those employers bring people back? Are those job offers going to be rescinded? What's going to happen? They're obviously not going to graduate and have an actual ceremony from college, so they are going to graduate remotely.

And all of a sudden those seniors in college are thrown into a real period of uncertainty. They move back home. Many of them already had to go back home because they couldn't stay on college campuses. And sometimes they weren't able to afford to stay in the apartments, particularly if their roommates left. So all of this uncertainty is swirling around seniors in college. And many times you say, "Oh, well, maybe they'll just go to grad school." But even that is in jeopardy right now because they don't know if they can afford it. They don't know if it's the right move. Is the job market going to be better on the other side? So tremendous uncertainty with seniors in college.

When we go a little bit younger and we look at freshmen to juniors, they're better off. What we're seeing is they had to go back home, many times, to live with a parent or parents after they'd had this great autonomy while they were at a college or university. And now they're doing distance learning, which tends to be, seems a little bit better than the K-12 experience, but still very mixed. And there's limitations. There's certain classes you just can't do remote, such as science labs and so forth. And for many of them, they were going to try to get an internship or summer jobs that would help position them for a career later on and those, just frankly, may not be happening.

There's some conversation with employers, because we talked to so many of them, that they may try to do remote internships and different things like that. But fundamentally, it's going to be a lot harder for them. The good news is they have more runway to see how we pull out of this over the next 12 to 24 months, assuming that happens. If it doesn't, then there's bigger issues that the generation is going to have to face. So a little bit different there, whether you're a senior in college, this is much more traumatic and problematic because it's going to affect you, we think, for many years. Already, we're seeing starting salaries go down and job offers taken back.

And so now let's go even younger and let's go down to high school and middle school aged students. What do we see here? Seniors in high school are very similar in terms of their experience right now to seniors in college. Those seniors in high school don't know if their colleges are going to be open. If they want to go to a college in the fall, they don't know if they're going to have classes on campus or not. Are their parents going to lose their jobs? Maybe they already have. Can they still afford to go? All of that is going on. At the same time, they're not going to have any high school graduation. They're not going to prom. They're not going to have spring sports. They may not be able to take the testing they need to prove how smart academically they are to get and create other opportunities. So all of those sort of things are really gone and many of them are not going to come back. Right? You're not going to get to come back and have that senior year again. And so that's really challenging for them.

Already, colleges we're seeing, some of them are relaxing their requirements, trying to open up to make it possible for more people to be able to get accepted because they don't know what the yield is going to be. Colleges also tell us that they don't know if international students are going to be able to attend or want to pay full price if they have to attend remotely. So tremendous uncertainty going into those classes in the fall for the students who are going to do that. And then for the high school students that were going to enter the labor force, they're also very uncertain because they don't know right now who is going to hire. Obviously, it's an incredibly tough time to get a job with record setting unemployment rates going up right now. So lots of uncertainty for them.

But if we go younger again, what do you see? You see that those that are younger are going through remote learning. Some of the schools are doing a better job than others and there's just lots of challenges. Our daughter is nine years old. So here we are trying to teach her and she goes to a school in Spanish, so we're trying to help her in Spanish as she's going through this whole process and trying to figure out how to do her Zoom classrooms and so forth. So lots of pressure on families trying to figure this out and on students trying to learn in this environment. And some districts, frankly, just aren't offering very much, so it's extremely uneven across the country what the experience is.

But the younger you go in Gen Z, what we see is that those students are going to have potentially even an advantage that comes out of this. And the reason is they're going to become more acclimated to remote work, to remote learning, to remote collaboration, remote innovation, and all the things that go along with that. Many of them are also having a lot more time with their parents than they've ever had before, so this is creating a new reality for some families in the midst of this just awful, awful, horrible crisis.

But what isn't talked about when it comes to Gen Z is that this pandemic is something that's going to stay with them forever. They will never remember a time before COVID-19, many of the youngest ones, disrupted their life. And that also helps us to see, at least get some initial glimpse of where Gen Z is going to end and the next generation will begin. The next generation has now been born. They won't remember COVID-19. Right? They're really young, but the Gen Zers will. And so now we'll start to see a distinction between, "Do you remember where you were and what life was like during COVID-19," versus those who don't remember anything about it, so similar to 9/11 separating Millennials from Gen Z. So really interesting time, if you're a generational researcher like us.

Now, in the next podcast episodes, we're going to talk about how to engage these different generations. And what do you need to know. But I wanted to do this deep dive on Gen Z because they're at such a formative time. This is their generation-defining moment and we're seeing all kinds of new things come out of it already. It's going to have a very different kind of impact on the generation. But if we continue to study it closely, we as leaders and even as parents and grandparents can understand how to best serve this generation, connect with them, influence them, help them through these really critical transitional periods. So thank you again for joining me on this podcast. It has been phenomenal to be with you. We've got so much more to come in the next episodes and thank you again to Vermeer for making this possible. This is Jason Dorsey at the Center for Generational Kinetics. I look forward to talking with you on the next podcast.

Dave Wisniewski:

Thanks for sharing those insights, Jason. We hope you'll all join us next week on the Vermeer podcast for an episode on how to communicate with Gen Z. Until then, find us at vermeer.com/podcasts. See you then.