



Smart Social[®] Report Volume 3

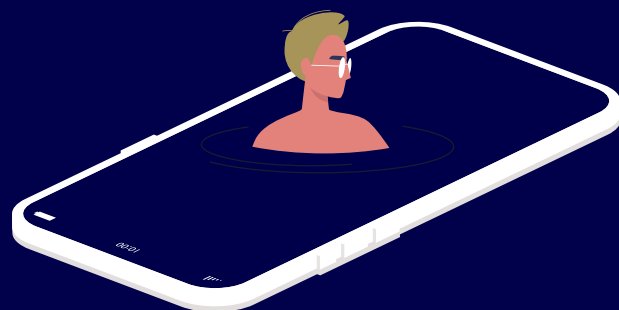
How to reach Gen Z and why it matters

Written by Khoros Strategic Services[™], powered by Khoros Intelligence and Talkwalker

What's inside

We're breaking down what matters most when marketing to Gen Z using data and customer experience (CX) insights from Khoros Intelligence, Talkwalker, and analysis by Khoros Strategic Services

Dive in to learn more



3 || INTRODUCTION: KNOW THIS BEFORE WE GET STARTED

4 || GEN Z: WHO THEY ARE AND WHAT'S IMPORTANT TO THEM

5 || Influence over brands and other generations

6 || A brand's ethics and standards

6 || Quality of product and the uniqueness it delivers

7 || EMERGING PLATFORMS: WHICH ONES & WHEN TO USE THEM

9 || Stay current and active

10 || Know your audience and speak to them

11 || Be creative and authentic

14 || WHAT'S OLD IS NEW: GEN Z PURCHASING TRENDS MAKING ECONOMIC WAVES

15 || The rise of "buy now, pay later"

17 || Sustainability & secondhand clothing

19 || Loyalty through purpose & shared values

21 || YOUR ACTION PLAN

22 || HOW KHOROS CAN HELP

Introduction: Know this before we get started

It can be hard to wrap your head around everything that happened in the past year. By now, you've likely read countless articles and reports that all emphasize the same thing: Our world has been forever changed, as has the way brands market to and connect with consumers. The digital and social strategies that were fine-tuned before COVID-19 now require rewrites and necessary adjustments to stay ahead of the changing marketing landscape. In the era of all-day Zoom meetings, virtual education, and connecting with our family and friends remotely, we're spending even more time online. In fact, in 2020, US adults spent one hour more per day on digital activities, across all devices, than they did in 2019. That's the biggest jump we've seen since 2012, according to [eMarketer](#).

Are you paying attention to Gen Z yet?

Here's why you should

While there are several numbers cited across the internet about Gen Z buying power (ranging from \$29B to an incredible \$143B per year) one thing is certain: This group likes to spend money. But what makes this group open their wallets and how do they like to shop? Well, that's what we're diving into in this report.

With more and more consumers spending time online, a space that was already crowded has become even more so, and the fight for attention is at an all-time high. Methods that brands have to use to win those "battles" have shifted, especially with the smart and savvy Gen Z.

So, what does it take to win over the hearts and minds of Gen Z? That's the question of the hour and we tapped into [Khoros Intelligence](#) and a Khoros deep listening partner, [Talkwalker](#), to answer that. But first, it's imperative that we take a step back to understand who Gen Z is and what they care about.

1

Gen Z: Who they are and what's important to them



1. Gen Z: Who they are and what's important to them

Like many generations before them, Gen Z, born between 1997 – 2012, is entering adulthood with a defining moment at its heels. While Gen Z was meant to step into a thriving economy, the Coronavirus flipped the script. They are now [suffering stunted career growth](#) and limited spending opportunities. This economic moment is when the younger group of Gen Z (ages 11 – 17) will first start influencing buying behavior in their household and the older group (ages 18 – 25) will shape their buying habits in the early days of their first job.

In this time of economic uncertainty, Gen Z will be spending more thoughtfully, reminiscent of their millennial counterparts back in the economic downturn of 2008, and investing in brands that align with their core values, ethics, and purchasing needs. There are some defining characteristics for reaching Gen Z. Let's see what they are:

Influence over brands and other generations

As the first generation to grow up with technology for their whole lifetime, they're true digital natives and can navigate the online world better than any generation before them.

Gen Z's online experience makes them a higher authority in the space. Other generations and brands turn to Gen Z to decide where to go next (e.g. TikTok) and how to spend money. This influence gives Gen Z the power to shape a new digital landscape for marketers and pushes trends faster than ever before. Gen Zers are the social change makers, setting their own course for how and why we spend money online.

[Heard of Bissell's Little Green Machine?](#) If not, then you need to make it over to [#CleanTok](#) on TikTok, which boasts 12.4B views. Thanks to Gen Z and TikTok, the Little Green Machine sold out pretty much everywhere.

1. Gen Z: Who they are and what's important to them (cont'd)

A brand's ethics and standards

Gen Z is dealing with economic and societal matters at a new scale. They're a generation growing up in a global pandemic, seeing the rise of marriage equality and gender equality, and spearheading social justice movements like Black Lives Matter and Stop Asian Hate. With these topics constantly front and center, Gen Z's loyalty and purchasing decisions are intertwined with their own values, and the values of the brands they support.

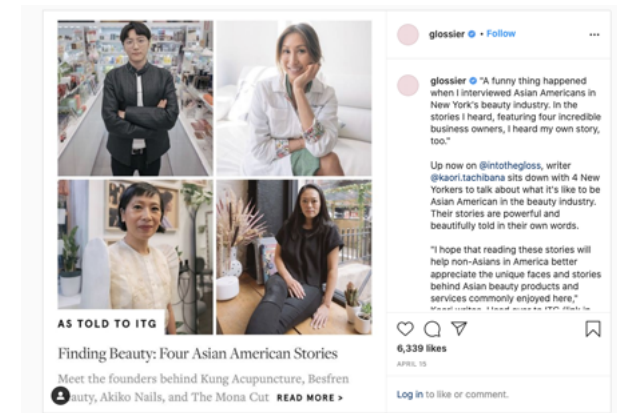
A dollar spent with Gen Z isn't just a monetary exchange — it's a show of support for a company's values. Gen Z will continue to push companies to take a stand on issues, and will reward those that are consistently leading with outstanding ethical standards.

Take [Glossier](#), for example, a brand that revolves around "skin first, makeup second." This beauty brand has won over the hearts and minds of Gen Z because of its focus on being your natural self, with or without makeup. In addition to the celebration of individuality, [Glossier](#) takes a strong stance on diversity & inclusion — an important topic for much of Gen Z. It's not just about responding to a social issue, but also how your brand can show up and make a difference for your customers and consumers at large.

Quality of product and the uniqueness it delivers

Gen Z isn't interested in throwaway society purchases. They value high-quality, long-lasting products/services, and a superior buying experience. They prefer unique products and the marketing around them to be tailored specifically to them. If that item happens to be more

expensive, then Gen Z is willing to pay. But they're just as likely to buy something secondhand. Does this product help to emphasize their uniqueness and difference among their peers? For them, it's not always just about the label, which makes their brand loyalty even more challenging to predict.



Glossier highlights Asian American founders in the beauty industry during Asian American and Pacific Islander Heritage Month (AAPIHM)

2



Emerging platforms: Which ones & when to use them



2. Emerging platforms: Which ones & when to use them

One of the more prevalent ways that Gen Z is influencing the social and digital landscape is through their adoption of emerging platforms. As this generation values connection and creativity, they're more likely to use platforms that allow them to share their unique opinions with a larger audience, and connect with other people like them easily. This has led them to embrace platforms like TikTok with wide, outstretched, open arms.

New platforms and social media apps currently stealing the scene can be split into two camps, video and audio. Each appeals to a broad range of audiences for different reasons.

	 Video	 Audio
Emerging Platforms	TikTok, Instagram Reels	Clubhouse, Twitter Spaces
Format	Short-form Video (15-60 seconds)	Live Audio Conversations
Primary Audience	Content Creators, Gen Z	Networkers, Engaged Listeners
Overall Appeal	Creating connection and building community across interests and regions; expressing personal opinions or passions in a creative manner.	Accessibility to SMEs and celebrities in real time; being able to witness conversations that may have previously been more exclusive.

2. Emerging platforms: Which ones & when to use them (cont'd)

For brands, the decision to activate on these emerging platforms hinges on whether they can create content that truly speaks to the platform's purpose. Some key things to keep in mind include:

Stay current and active

Keeping an eye on new platforms and tracking their adoption can help inform when to invest in time, energy and resources. Similarly, being aware of [developing trends](#) on those platforms and being able to jump on them quickly goes a long way in helping your brand appear in lock-step with the community. This doesn't mean you have to be the first brand to activate on a trend, but it does mean making sure that you're truly relevant both to the moment and to your brand, like [TikTok](#) did when they used content from their platform to jump into the grandparents trend on Twitter. Another great example is Walmart, who quickly saw the potential of TikTok and effectively used the platform to pilot the first-ever live-streamed shopping experience.

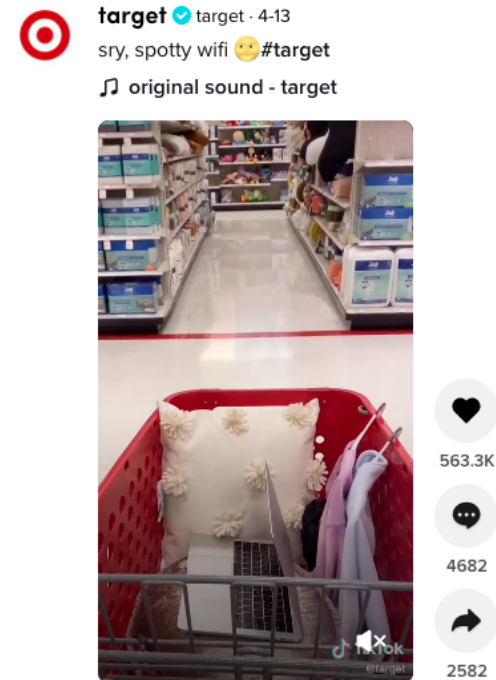


TikTok takes content from their platform to hop on a Twitter trend (Source: [Intelligence](#))

2. Emerging platforms: Which ones & when to use them (cont'd)

Know your audience and speak to them

We cannot stress it enough: each emerging platform appeals to its audience for different reasons. Gen Z in particular tends to be critical of companies who appear to jump on a platform or trend just for the sake of it. So, avoid this by creating content that speaks directly to a cross-section of your brand's typical audience and the platform's user base. Do your homework and spend time on the platform yourself before going all-in. Target nailed this approach on [TikTok](#) with their recent viral video that connected directly to their college student audience navigating Zoom classes. This TikTok garnered 2.3M views and, partnered with a matching community management strategy, drove traffic to the brand's other content as well.



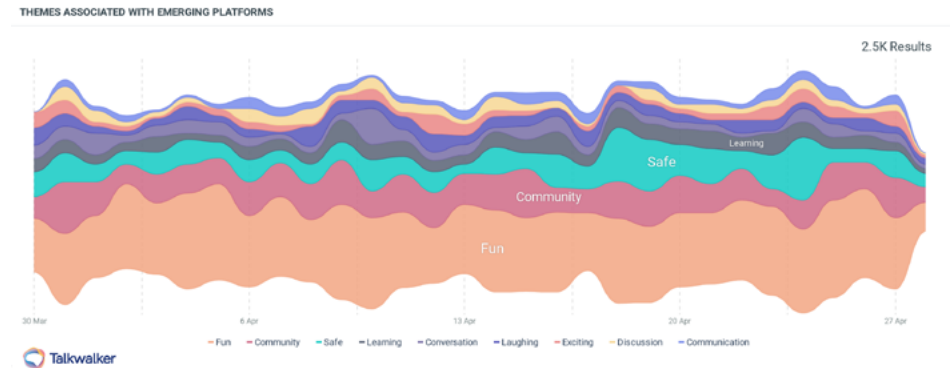
Target goes viral with video aimed at college students taking classes on Zoom

2. Emerging platforms: Which ones & when to use them (cont'd)

Be creative and authentic

TikTok touts its creative ethos for brands as being “Don’t make ads, make TikToks,” which speaks volumes to the kinds of content expected on this platform, [according to TikTok](#). Emerging platforms aren’t a place to recycle content from other channels or push out highly polished looks. Make sure that you’re creating original, tailored work that feels authentic to the content that others are sharing. For audio-based platforms, this can mean thinking outside the box about the right way to engage your audience. You can see how iHOP recently used Clubhouse to introduce their [new bacon](#) by launching a daylong stream of sizzling sounds.

With new platforms popping up so often, it’s hard to know which is successful and who or what is driving that success. One of the biggest indicators we’ve found, especially among younger audiences, is their ability to create connection and community. When Gen Z is talking about their on-platform experiences and what matters to them most, having fun and fostering genuine connections emerge as key conversation trends. A close third is the desire and advocacy for more resources around psychological safety, so they can express themselves freely without fear of being bullied, harassed or bothered.



Conversational themes associated with emerging platforms included fun, community, safe, and learning surfacing as top results. (Source: [Talkwalker](#))

Gen Z has driven adoption of TikTok in particular, with [48% of this audience](#) using the app on a regular basis. This aligns with Gen Z’s interest in video-specific content, with Instagram (71% regular use) and YouTube (95% regular use) also continuing to rise to the top as popular platforms.

2. Emerging platforms: Which ones & when to use them (cont'd)

As specialty audio platforms like Clubhouse continue to gain popularity, one of the biggest questions on our minds is the sustainability of separate audio apps versus in-platform features such as Twitter Spaces or the soon-to-launch Facebook Live Audio Rooms.

While downloads of Clubhouse [decreased by 72%](#) from February to March, the app continued to dominate conversations around social audio throughout the month, even when similar products like Twitter Spaces started to arrive on the scene.

Where Gen Z is concerned, sentiment around audio-based platforms is largely mixed. While they appreciate the ability to tune in and listen to their favorite celebrities or influencers, they also alluded to concerns about larger platforms with audio capabilities not being the safest space to have vulnerable conversations. For Gen Z, exclusivity and uniqueness will always draw attention but what keeps it is the ability to connect with real people.



Top themes being discussed by Gen Z audiences related to emerging platforms such as Clubhouse, and Twitter Spaces, with a [sentiment analysis filter](#) (Source: [Talkwalker](#))

2. Emerging platforms: Which ones & when to use them (cont'd)

Overall, there are three factors driving platform adoption for Gen Z:

Connection

Gen Z wants to be able to connect with those outside their normal community, which has become even more important during the COVID-19 pandemic. This is most visible on TikTok where the company aims to “maintain an environment where everyone feels safe to create, find community, and be entertained”, according to their [H2 2020 Transparency Report](#).

Discovery

Gen Z wants to feel like they're able to discover people, products and conversations they wouldn't usually be privy to. This is where platforms like Clubhouse shine. People like Tiffany Haddish, Mark Cuban, Oprah Winfrey, Jared Leto, and Elon Musk are some of the few users you can build connections with inside the [confines of the Clubhouse bubble](#).

Access

Gen Z wants more access to their peers regionally and globally. Both video and audio platforms speak to this need because of their ability to build community in a time when physical boundaries are harder to overcome. For this generation, being able to access a breadth of opinions and experiences allows them to create closer community with those they do relate to.

To learn more about emerging platforms, be sure to check out our [Clubhouse blog post](#) and our [on-demand TikTok webinar](#).

So we've identified who Gen Z is and where they are spending their time. Given the influence that they have and the potential of their purchasing power, let's take a closer look at how Gen Z is adjusting to and shifting the ecommerce space.

3

What's Old Is New: Gen Z Purchasing Trends Making Economic Waves



3. What's Old Is New: Gen Z Purchasing Trends Making Economic Waves

Let's just go ahead and say what we all know to be true. COVID-19 has fundamentally changed the way we shop and discover new products. We've seen significant long-term shifts as brand loyalty has become more and more dependent on things like convenience, affordability and alignment with individual values and beliefs. The latter being especially true for Gen Z.

2020's end of year was different from any other before, with the global fall shopping season (Black Friday, Cyber Monday, Singles' Day, Diwali, Christmas, and more) lasting much longer than previous years. In North America, many shops have abandoned the tradition of Black Friday as we know it. Instead, deciding to close their stores for Thanksgiving, and extending the sales period to reduce an excess of people in-store and increase sales opportunities overall.

The rise of "buy now, pay later"

Gen Z has also proven their ability to adapt and drive adoption of new payment methods. In fact, [23% more people](#) are using peer-to-peer payments than prior to the crisis. Another new player in the online shopping arena is the "buy now, pay later" model (e.g. Afterpay), which has grown rapidly in popularity over

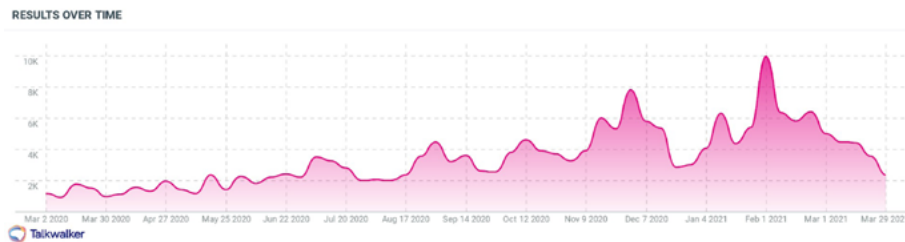
the past year as a favorite e-commerce payment method among Gen Z. [Shein](#) is a perfect example of a beloved Gen Z brand that embraced the power of the Afterpay model. The convenience that this model provides by automatically dividing large purchase payments into equal installments over time has proven to be especially important during COVID-19, as shown in the sentiment chart below.



Analysis of the sentiment key drivers associated with the "buy now, pay later" model (Source: [Talkwalker](#))

3. What's Old Is New: Gen Z Purchasing Trends Making Economic Waves (cont'd)

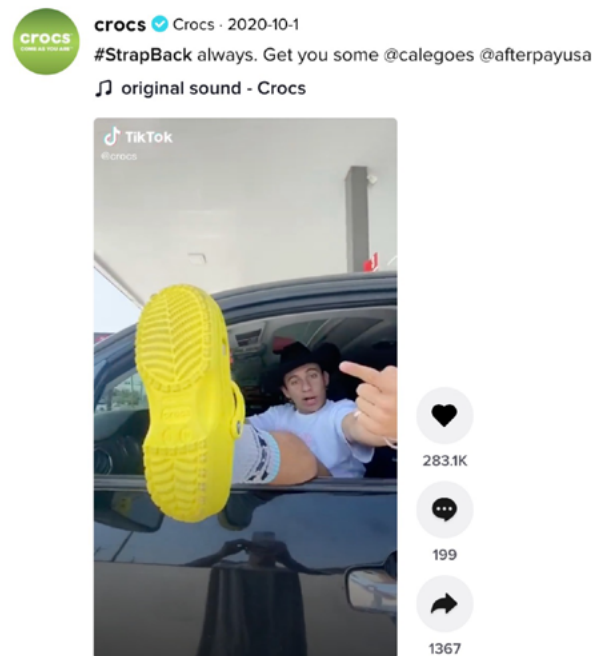
Conversation around this trend has only continued to increase in the last year. In fact, the past three months make up 36% of the total “buy now, pay later” conversation occurring within the past year. Many Gen Zers have service industry positions, so their income has been in flux this year. Deferred payment solutions allow them to have instant gratification without the burden of the upfront cost. Regarding expanding online shopping options for customers, this is a trend that retailers shouldn't overlook.



The rise of “buy now, pay later” conversations between March 2020 and March 2021 (Source: [Talkwalker](#))

Several brands have teamed up with the companies that facilitate these payments, like Afterpay, to launch challenges geared towards Gen Z on TikTok. One of the most notable of these partner-

ships was with Crocs, where the two companies partnered with [TikTok influencers](#) to launch the #StrapsBack challenge, ultimately garnering 7.3B views on the platform and re-introducing Gen Z to the shoe brand.



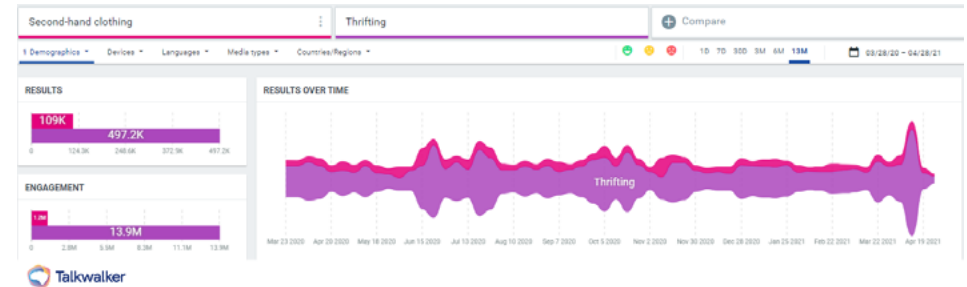
Crocs available on “buy now, pay later” platform, Afterpay

3. What's Old Is New: Gen Z Purchasing Trends Making Economic Waves (cont'd)

Sustainability & secondhand clothing

Environmental sustainability is a top-of-mind issue for Gen Z. So much so that the sociopolitical-conscious group has disrupted how and where they allocate their estimated [\\$143 billion purchasing power](#). Where's their money going? Let's talk about how sustainability and thrifting has entered the chat.

The secondhand clothing market is [currently worth \\$30 billion and is expected to grow 18% annually through 2024](#). With imminent threats to our planet's ecosystem, it's no surprise that this generation cares about preserving the environment while saving money. Over the past year, there's been a consistent rise in conversation related to topics like thrifting and secondhand clothes shopping. The peaks in the conversation chart below were driven by a fashion marketplace app rooted in discovery and creativity, Depop.



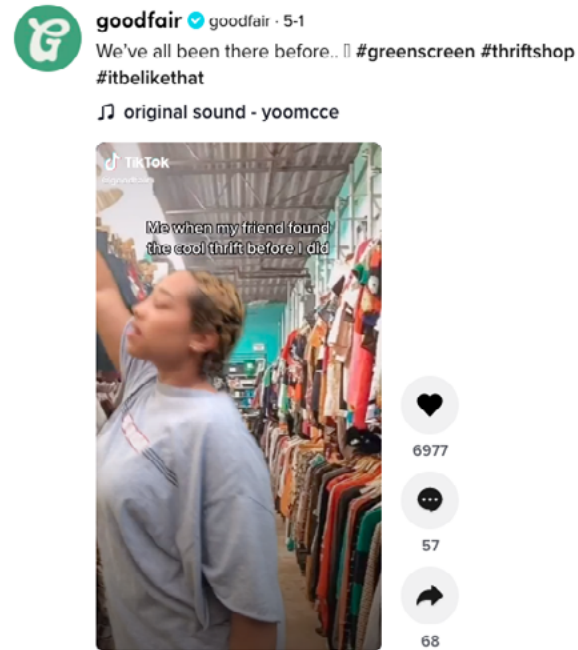
Comparison of the frequency and engagement of online conversations related to second-hand clothing and thrifting between March 2020 and March 2021 (Source: [Talkwalker](#))

3. What's Old Is New: Gen Z Purchasing Trends Making Economic Waves (cont'd)

Depop is a great case study for the shifting trend to secondhand apparel, with 90% of Depop's users being under the age of 26. Additionally, Gen Zers have become masters at upcycling and reselling clothing, thanks to these online thrift stores and the ability to start their own shops. In fact, [more than 50%](#) of Gen Zers admit to buying or selling thrifted items.

For this generation, thrifting isn't just a shopping behavior — it's a lifestyle. The thrill of discovery. The ability to uniquely express themselves through clothing in ways that go against the "norm." The affordability. The positive impact on the environment. When it comes down to it, thrifting is one of the most Gen Z things Gen Zers are doing right now. Secondhand brands, like [Goodfair](#), have jumped on retail-specific trends such as unboxings, while still touting their sustainable initiatives.

For retailers, this isn't something to turn a blind eye to. Those who emphasize their stance on sustainability and embrace what matters to Gen Z will stand a better chance of capturing the attention of this important generation.



Secondhand brand, Goodfair, connects with Gen Z on one of their channels of choice, TikTok.

3. What's Old Is New: Gen Z Purchasing Trends Making Economic Waves (cont'd)

Loyalty through purpose & shared value

Ultimately, Gen Z supports brands who they feel reflect their values in their digital and social marketing efforts. [Aerie](#), an emerging intimates and swimwear brand, for example, whose Instagram handle is a celebration of real people. Aerie understands that diversity, equity and inclusion is incredibly important for Gen Z which is why they feature individuals of all sizes, races and ethnicities in their content. They strive to create a social presence that represents what Gen Z sees when they look in the mirror. It's real, honest and authentic.

It's no surprise that so many brands have reinvested energies and efforts into being more [purpose-driven](#). What these brands have to remember is that purpose is not — and should never be — about the bottom line, selling a product or service, or even driving link clicks. The minute the conversation starts to move in the direction of dollars and cents, you've already missed the mark. Having purpose and being purposeful is about doing the right thing and then the next right thing and the next right thing. It's that simple.



Aerie celebrates diversity in their content by featuring models of all sizes, races, and ethnicities

3. What's Old Is New: Gen Z Purchasing Trends Making Economic Waves (cont'd)

There are absolutely ways to measure the impact of a purpose-driven approach: NPS, customer retention, improved market share, etc. But the key word in that sentence is impact. Measure to understand if you're making a difference. Don't let your measure of success be determined by profit alone.

Here are some things you can do right now to start thinking like a purpose-driven brand:

- Clearly determine and internalize your brand values to determine if those are the ones you want to be known for.
- Do some internal research (e.g., employee polls) and external research (e.g., [social listening](#)) to determine what needs exist among your key stakeholders.
- Decide on one or two focus areas that align to your brand mission and vision (Ben and Jerry's and Alaska Airlines are two companies who are laser focused on specific causes and initiatives).
- Make sure these are where you feel your brand can make an impact.
- Words are only so powerful. Follow through on them with actions.

The bottom line is to pay attention to Gen Z. If this generation is a key audience for you, understand what matters to them and determine how and where to reflect that in your marketing. But don't do it to check a box. Do it because it also aligns with your brand objectives.

Because above all else, Gen Z knows and hates when they're being "sold to."

Here's your action plan

So, what steps can you take to make sure your brand is staying on-trend? Consider the people, processes, and products you need to stay relevant and protect your brand:

1 Make understanding your audience, and their shifting needs, a daily ritual

Before you plan, publish, or engage; empower your teams with direct access to data and insights they need to keep your brand relevant and protected. [Khoros Intelligence](#) allows your team to stay curious by easily creating searches to discover trends that could impact your brand or audiences, with no search volume limits. Use a deep listening solution like [Talkwalker](#) to enable your market research and insights teams to go deeper on topics, and shifting expectations that your team uncovers in their daily customer interactions.

2 Be prepared to shift your content strategy at a moment's notice

Being responsive to changing events means having the processes in place to update content, creative, targeting, and approvals in real-time. Document your editorial team, clearly outlining who has decision making powers to draft, edit, and publish content and who shares updated guidelines with all of your customer facing teams (marketing, service, sales, and support). Using platforms like [Khoros Marketing](#) to seamlessly update and publish across paid and organic social content, as well as integrated workflows to share responses across marketing and service teams, means never missing an opportunity to build trust with your audience. Need support with change management or operations? Our [Strategic Services](#) team offers bespoke guidance to help your brand stay ahead of the curve.

3 Create a space for conversation

Give your audiences a tailored space to express themselves and collaborate with you. Building [brand communities](#) or dedicated groups that feature functionality and experiences your audiences need to improve their experience around certain topics, products, and services can be beneficial for brands and their members.

How Khoros & Talkwalker can help

Never miss out on a major trend with [Khoros Strategic Services](#). Available to help with any social media or community engagement, large or small, this team can assist your brand in informing, educating, and activating on some of the biggest industry moments — or consulting on when you shouldn't engage.

Without access to unlimited, real-time social media listening provided by [Khoros Intelligence](#), social media managers and marketers are left guessing about what will resonate with their audience, often missing the moments and conversations that their customers expect their brand to show up for.

Paired with [Khoros Marketing](#), those insights can be applied to create relevant campaigns that build trust and grow your brand. We partner with the best deep listening providers in the business. We've expanded our list of partners to include Talkwalker for research needs that go beyond social, and to mutually support brands on their need to understand, shape, and capture market share.

[Book a demo](#)

Customer spotlight



Sky [partnered with Khoros](#) to weather the worst of the COVID-19 crisis, and their community messaging system continues to help customers receive a high level of care. In fact, engagement in Sky's community more than doubled from 2019 to 2020, from an increase in new discussions, new answers, and gamification

128%
increase in new
discussions year-
over-year

119%
increase in new
answers year-
over-year