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Laura Mäkinen

# In the age of streaming services, how can advertisers connect with and influence consumer behaviour of younger audiences?

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<p>The streaming media services have grown massively in popularity during the past ten years and are even set to surpass the traditional cable in viewers in the upcoming years. One group that is adapting to the change perhaps quicker than others is the youngest generation to date, Generation Z. This poses challenges to advertisers, who need to come up with new ways to influence the younger audiences now that they are habiting mediums outside the reach of the traditional marketing channels.</p> <p>The purpose of this study was to investigate the number of ways advertisers still have at their disposal when it comes to marketing for and influencing younger generations. The research was based on existing secondary data on the consuming habits and behaviour of Generation Z as well as the current status of streaming services. The thesis focuses especially on the video streaming media, although other streaming media outlets will be mentioned for reference in certain points in the text. In addition, existing marketing theories were used as a starting point for the analysis, which focused on assessing the current situation and how advertisers can develop from it.</p> <p>The results of the research indicated that Generation Z habits the digital landscape in an unprecedented way. They spend around a half of their daily hours online, viewing videos, sharing pictures and searching information on various different social media platforms and several devices. The main discovery of the study was that all these devices and platforms are used for different purposes and the attitude towards advertisements can depend on the medium on which it is presented, as well. Moreover, it was revealed that the young people see user generated content as a more trustworthy source than that generated by the companies themselves.</p> <p>In order to successfully advertise to Generation Z, the simplest conclusion was to do it on their terms. In essence, this means advertisers must understand the different functions behind the use of multiple screens and platforms and address the needs driving them, as well as concentrate on building good relations through trust and communication and capitalize on authenticity and transparency in all their operations.</p>	
Keywords	Media streaming services, Generation Z, Marketing, Advertising, Digital marketing, Consumer behaviour, Influencing

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## 1 Introduction

In the rapidly evolving world of technology, new channels and methods to reach consumers are increasing in numbers at a swift pace. Nowadays, in order to reach customers, advertisers do not need to only rely on magazines or TV commercials but have the whole of internet and social media in their disposal. The rise of streaming media services has offered the customers even more means to consume their preferred media, available whenever they feel like it. This has, however, presented marketers with increasing challenges, as their possible customers are scattered among different media outlets, making it harder to reach the maximum number of potential consumers. One group in particular has earned name for themselves as being notoriously hard to reach via advertising, and that group is Generation Z, or Gen Z. Dubbed often by the media as the “unknown generation” for the lack of research done about them and their consuming habits, the Gen Z population is set to outnumber Millennials on whom the focus has been for several years, in the year 2019 (Miller & Lu, 2018).

The objective of this thesis is to examine the effect streaming media services has had on the advertising landscape, especially when it comes to reaching younger audiences who are increasingly switching to media consumption, that is often ad-free or can be easily made so by paying a monthly fee. The thesis is largely built around the video streaming media, although other streaming media outlets will be mentioned for reference in certain points in the text. The reason for this being the fact that the change in TV advertising has been arguably quite drastic as it has been the most dominant advertising channel in the past and therefore is among the most affected by the popularity of the streaming media services. The thesis aims to determine ways in which the advertisers can influence the consumers despite the lessening importance of traditional marketing channels. This is done with the help of available literature and research on both streaming media and Gen Z, but also by looking further into the field of marketing itself and the existing tools and models offered from the theory of it.

## 2 Literature review

As to comprehend the streaming services and their impact on advertisers, further knowledge of related theories and notions of the industry as well as marketing in particular must be addressed to get a comprehensive picture of the matter at hand.

Understanding basic marketing principles is essential in order to better understand the topic and its relevancy to advertisers. For this reason, the review begins with revising the relating marketing concepts, starting with the definition of marketing and moving onto explaining the basics of marketing strategy. In order to get a comprehensive understanding of what influences customers in general, consumer behaviour and decision-making processes are explained. On top of this, the meaning of advertising as well as digital marketing and multi-screen marketing are further discussed, as well as their relevancy to the subject.

The review continues with explaining the main points of research, specifically the streaming media and Generation Z, as well as the generation's characteristics and stance on advertising. This is done in order to give a better understanding of what these terms encompass, and how they are pertinent to the marketing landscape as of now.

Finally, the review will conclude with the explanation of the research question and the method used in conducting the thesis, as well as the possible problems encountered with the research.

## 2.1 Marketing principles

According to Kotler et al. (2013) in its most simple form, marketing can be defined as managing profitable customer relationships. It aims to create value from customers, as well as capture it from them in return. This, however, is a very scaled down definition of what marketing as a term actually encompasses. One of the key determining aspects of marketing, is the marketing process, which aims to explain what marketing really means in a few sentences, as seen below in figure 1.

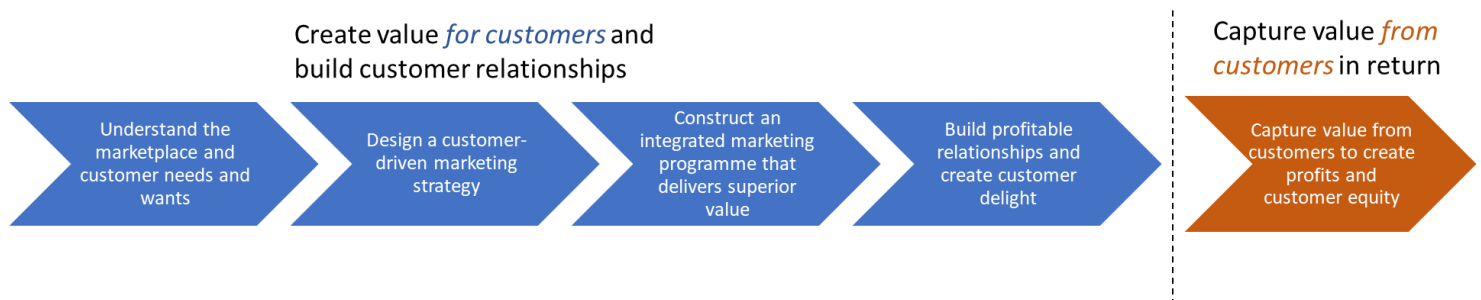


Figure 1. Marketing process (Kotler et al. 2013)

This process highlights the importance of customer-centered thinking and while doing so, it helps in understanding the most basic principles of marketing, which are understanding customer needs and wants, planning customer-driven marketing strategy, creating an integrated marketing programme as well as building profitable customer relationships. These four steps are integral in building customer relationships and creating value for customers, while the last step of the process, creating profits and customer equity happens by capturing the value from customers in return (Kotler et al. 2013:5).



Figure 2. Marketing strategy and marketing mix (Kotler et al. 2013)

The relationship of marketing strategy and marketing mix is displayed in figure 3 above. The picture emphasizes the customer-centricity in marketing, with the customer value and relationships placed in the middle of the graph, while all the other aspects of marketing are seen circling it. The first cycle represents the strategy the company opts to follow in order to achieve their goals, including segmentation, targeting, differentiation and positioning. Segmentation is the process of slicing market into separate groups with different needs, behaviours or characteristics. The groups that are born after dividing the market are called market segments. Targeting, in turn, is the evaluation and selection of the best suited market segment, which to target in order to generate the most value and sustainability. Whereas the first two represented the strategy in regards to the intended customers, differentiation and positioning lean towards the product-side of things. Positioning means distinguishing the product from its competitors in the eyes of the targeted customers, by making it placement more distinctive, clear and desirable compared to others whereas differentiation is the actual delivering of the promise made by the positioning (Kotler et al. 2013:51-52).

In the second cycle the traditional marketing mix, or four P's are represented. The mix consists of product, price, place and promotion. Product is the combination of goods and services the company offers to its target market, such as quality, design and packaging,



whereas price the amount of money that must be paid for the product, including discounts and credit terms, for example. Place consists of company activities that make the product available for the target customers, for example channels, inventory and logistics. Promotion in the marketing mix, the most important part in regards to this thesis, refers to the activities that communicate the merits of a product and the persuasion efforts of making the target audience by the product (Kotler et al. 2013:53).

The outermost cycle contains the four marketing management functions, namely marketing analysis, planning, implementation and control. These tools are used to first develop a plan, then implement it and finally turn the marketing plan into action. Finally, the four blocks that are left in the outer corners of the figure, namely the marketing intermediaries, competitors, publics and suppliers, are the outside forces in the marketing environment (Kotler et al. 2013:54).

From this marketing strategy, the most important parts that will be addressed further in the thesis are the marketing strategy and mix. For this thesis, for example, the segmentation was done based on the age of the consumers, and in order for the advertisers to reach this target audience, they must find the right positioning in order to attain the attention of this audience. This can be done with the help of marketing mix, with the focus on promotion.

## 2.2 Consumer behaviour

The most important aspect to understand when it comes to influencing consumer behavior, is to firstly understand how consumers behave. Consumer behavior as a term refers to the study of how people buy products, but in truth it includes all activities associated with the selection, purchase, use and disposal of goods and services, according to Solomon et al. (2016). This definition also includes the customer's mental, behavioural and emotional responses that come before, after or determine these aforementioned activities. Consumer in this case refers to a person identifying a need or a want, then going ahead with the purchase.

## 2.2.1 Consumer decision making

It is quite easy for marketers to determine what consumers buy and when, but when it comes to why, the answer is not so easily attainable. Often times, not even the customers know what they want. Therefore, the main question for marketers to answer should be how the consumers respond to the numerous marketing efforts used by the company (Kotler et al. 2013:145).

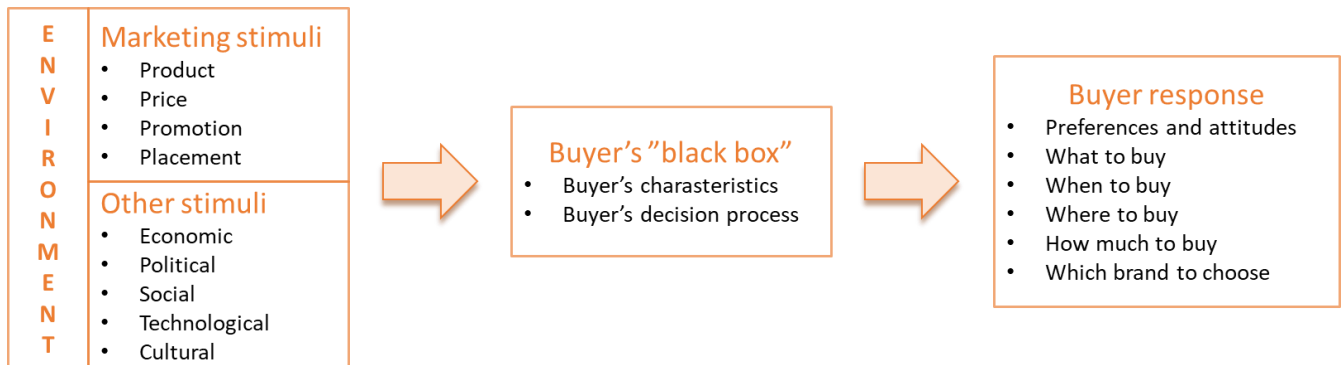


Figure 3. The Stimulus-Respond model (Kotler et al. 2013)

The figure 3 above depicts the stimulus-respond model of buyer behaviour. In the model marketing and other environmental stimuli enter the “black box”<sup>1</sup> and produce certain responses in the customer. The central question for the marketers to identify is what happens inside the black box as well as how the consumers process such stimuli in their minds. The black box can be divided into two parts. Firstly, the buyer’s characteristics that impact how they perceive the stimuli and second, the buyer’s decision-making process affects the behaviour of the person (Kotler et al. 2013:145). There are several different factors influencing consumers’ purchasing behaviour, which shall be further discussed in the upcoming section.

<sup>1</sup> The “black box” is referred to as such for the marketers have no means with which to certainly know what is going on in the buyers’ minds (Kotler et al. 2013:145).



Figure 4. Buyer Decision Process (Kotler et al. 2013)

The purchasing decision is a process that begins long before the actual purchase happens and involves a lot more than just the act of purchasing a good. In figure 4 above, the buying process is depicted, starting with need recognition and ending with post-purchase behaviour. While making a purchase decision, the buyer goes through all the stages and the main job of the marketers is to correctly identify the behaviour of the potential customer at each stage of the process. The process begins with a person identifying a need that a product or a service could potentially satisfy. After the need has been recognized, the customer will begin searching for more information about the product or service. When enough information has been gathered, the consumer continues onto the evaluation stage, wherein they will compare different alternatives and after finding the most suitable one for their needs, a purchase decision will be made. The final step of the process is when customer will evaluate whether the purchase they made was satisfactory or whether it left them discontented. The main task for marketers is to be involved throughout the whole process, identifying the behaviour conveyed by the potential customers in each step. Especially the last stages of the process are critical, as a dissatisfied customer is unlikely to continue supporting the brand by purchasing their products or services (Kotler et al, 2013:161-163).

### 2.2.2 Factors influencing consumer decision making

Consumers can be divided into groups, or in marketing terms into segments, by classifying them based on different characteristics. The most common variables are demographics, geographic, psychographic and behavioural category, as further shown in figure 5 below (Solomon et al., 2016).

Category	Variables
<b>Demographics</b>	Age Gender Social class, occupation, income Ethnic group, religion Stage in life Purchaser vs user
<b>Geographic</b>	Region Country differences
<b>Psychographic</b>	Self-concept, personality Lifestyle
<b>Behavioural</b>	Brand loyalty, extent of usage Usage situation Benefits desired

Figure 5. Variables for market segmentation (Solomon et al. 2016:8)

According to Solomon et al. (2016), it is important to note, however, that the segmentation process is only valid if certain criteria can be met. Such criterion is that the segment must be large enough to be profitable and easily distinguishable from other segments by their differences. The consumers within the segment must also be alike when it comes to product needs, while having different needs with those from other sections. As discussed further along, however, the segmentation process today is not as clean cut as it used to be when it was first introduced (Solomon et al, 2016:8-9).

One of the most known behavioural theories is Abraham Maslow's hierarchy of needs. While not flawless in any case, largely due to its immeasurability, it is still used for its status as a standard in marketing knowledge (Solomon et al. 2016:206). The idea behind the hierarchy construct is that only by satisfying the basic needs can a person move up the ladder towards self-fulfillment. The theory has been the cause of some criticism, as previously mentioned, because there exists no tool with which to measure how satisfied a person is. For this reason, there are no comprehensive studies supporting the theory.

However, a study conducted by the University of Illinois in 2011 with replies from all over the world found that a good part of the theory is, in fact, correct, yet not all the needs must be fulfilled in order or even at all, before reaching self-actualization (Cherry, 2018a; 2018b). These findings support what Solomon et al. (2016) mention in the book, as it is said that the hierarchy is highly bound to the Western culture and might not work perfectly when transferred to other cultures. Despite the theory's shortcomings, it still acts as a model for marketers to better understand consumer motivations as it helps in reminding marketers that the priorities of consumers may change depending on the different stages of their lives or consumption situations (Solomon et al. 2016:207).

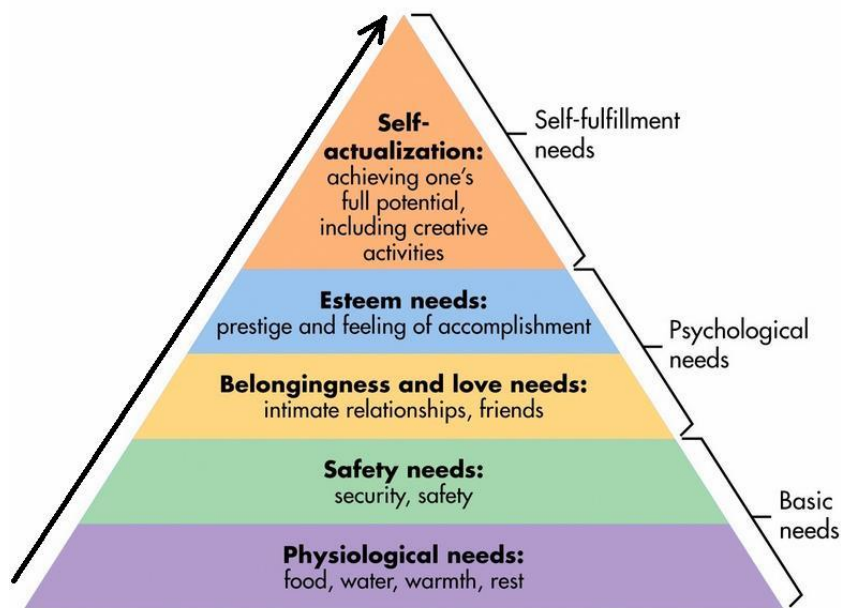


Figure 6. Maslow's hierarchy of needs (StudiosGuy)

As previously mentioned in section 2.2.1 Consumer decision making, there are many different factors that can influence consumer and their behaviour. One of the main ones is the culture of the individual. Depending on the consumer's background, the customers may have a completely different reaction to an advertisement when compared to another person from a different cultural background. Cultural factors also include subculture, a group of people with common life experience and shared values, and social class, a relatively rigid place in society based on interests, values and behaviour. Another factor which has an effect on consumer behaviour is Social factor which refers to person's influence groups, such as family, friends and colleagues, among others. These people act as a person's reference group, as most products used in everyday life are often recommended to person by the people closest to them, whether it be a certain product or a brand favoured by others. Other determinants that can have an influence on making

a purchase decision are the age of the consumer, their lifestyle, personality, financial situation and occupation. Psychological factors, however, can be divided into four groups: motivation, perception, learning, beliefs and attitudes. Together they make up the complex set of values determining consumer's decision process, as portrayed in figure 7 (Kotler et al., 2013:146-159).

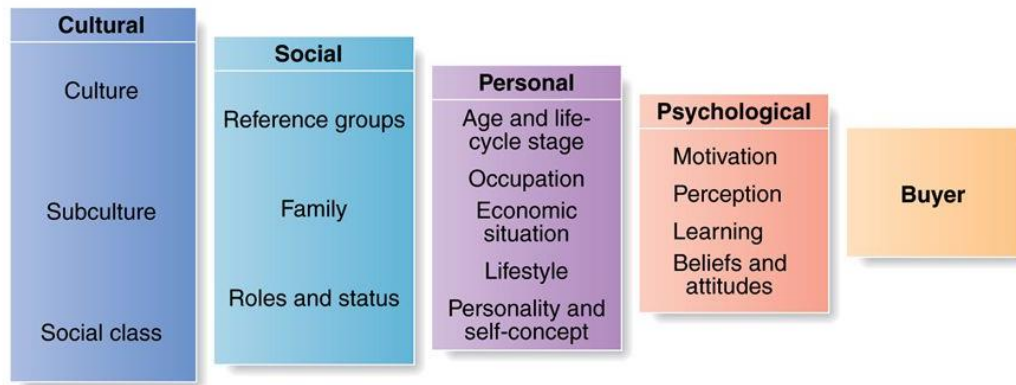


Figure 7. Factors influencing consumer behaviour (Kotler et al. 2013)

Understanding consumer behavior is integral to all marketers, as the basic concept of marketing, as stated before, is to satisfy customer needs. This cannot be fulfilled, if the marketers do not have an understanding of what those needs entail. The models briefly explained in this section are but a small portion of all the existing ones but were used to give a better understanding on the fundamentals of consumer behaviour. The models will also be used as theoretical standpoints when moving forward.

### 2.3 Advertising

Advertising is a subset belonging under the marketing umbrella and is defined as “any paid form of non-personal presentation & promotion of ideas, goods, or services by an identified sponsor” by Kotler et al (2013:447). In addition, the main objective of advertising is to aid in building consumer relationships by communicating customer value. The objective can be further divided based on their main purposes, namely to inform, persuade or remind. These can be seen further expanded on in the figure 8 on the next page.

Informative advertising	
Communicating customer value	Suggesting new uses for a product
Building a brand and company image	Informing the market of a price change
Telling the market about a new product	Describing available services and support
Explaining how a product works	Correction false impressions
Persuasive Advertising	
Building brand preference	Persuading customers to purchase now
Encouraging switching to a brand	Persuading customers to receive a sales call
Changing customer perception of product value	Convincing customers to tell others about the brand
Reminder Advertising	
Maintaining customer relationships	Reminding consumers where to buy the product
Reminding consumers that the product may be needed in the near future	Keeping the brand in a customer's mind during off-seasons

Figure 8. Different advertising objectives (Kotler et al. 2013:448)

Informative advertising is used most often when a new product category is introduced. The main objective is, therefore, in building primary demand for the product. Persuasive advertising, however, becomes viable when the competition in the sector increases. Its main function is to build selective demand, or in other words, trying to convince the customers of its superiority when compared to its competitors. Persuasive advertising sometimes develops into comparative advertising, where the company straightforwardly compares their product to that of their competitors and deems it exceeding while putting down the compared product. Reminder advertising is used when the product in question is already mature and it is used for keeping up customer relations and reminding them of the product's existence (Kotler et al. 2013:447-449).

In recent years, planning an advertisement has become increasingly more difficult due to the multiple channels available for advertising. An advertisement that works for television might not be suitable for mobile viewers and vice versa.



## 2.4 Digital marketing

One of the most recent rising applications of marketing, digital marketing, can be succinctly defined as accomplishing marketing objectives by applying digital technologies, according to Chaffey and Ellis-Chadwick (2012:10). The term refers to the utilization of digital media channels in marketing, such as social media marketing, search engine marketing, online advertising and partnerships. Digital marketing is often used simultaneously with traditional media marketing, such as TV, radio, mail and print in order to get the most coverage available, resulting in multichannel marketing.

### 2.4.1 Main media channel types

The buying environment today is more complex than ever before thanks to the varying arrange of mediums available for consumers, online and offline. However, when it comes to online marketing, there are three main media channel types that should be taken into account. First, there is paid media or bought media that encompasses any marketing that the company is paying for. This can be TV and radio advertising plus print in traditional marketing, or paying for visitors, conversions or reach through display ads and affiliate marketing<sup>2</sup> (Chaffey & Chadwick 2012:11).

Earned media refers to the content related to a company or brand but is not directly produced by the company. This includes posts made on social media and blogs, press releases, reviews and word of mouth, to mention a few. Earned media can be thought of as a series conversation, occurring both online and offline, between the customer and the company. Partnerships with publisher, influencers and bloggers can help in developing earned media (Chaffey & Chadwick 2012:11).

Owned media means all media owned by the business. It can mean websites, blogs, mobile apps and social presence in different network channels that the company controls (Chaffey & Chadwick 2012:11).

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<sup>2</sup> Affiliate marketing refers to the arrangement between a company and media partners who have been commission to generate traffic or lead for a product (Chaffey & Chadwick 2012:26).



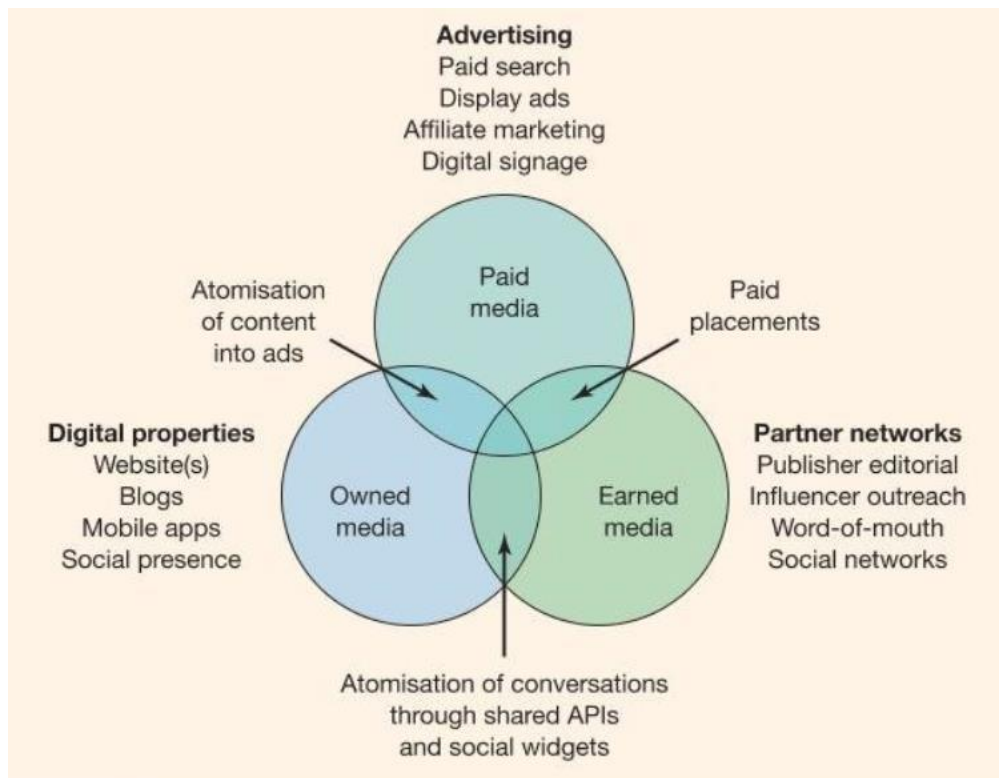


Figure 9. Three key online media types (Chaffey & Chadwick 2012:11)

Usually, companies use a mix of all the three in order to reach the maximum of potential consumers. However, depending on the target market of the business, it might not always be necessary or even recommended in order to get most profit out of it.

#### 2.4.2 Multi-screen marketing

Perhaps the most pivotal aspect to take into account when it comes to the topic, is the switch to multiple devices on the customers' part. Dubbed as multi-screen marketing by Hritzuk and Jones (2014), the term is used to describe the art of reaching consumers efficiently through multiple devices, all of which have their own specific function. For this reason, the basic "one size fits all screens" approach is not viable as a marketing strategy. An advertising campaign that has been designed for TV will not work on mobile platforms such as smart phones and tablets, simply because all these devices are used for different functions (Hritzuk & Jones, 2014:12). This stems from the fact that more often than not, marketers are focusing on the device and its functions when developing their approach, rather than the consumer behind the screen making the decisions. In order to reach the customers on the right device and on the right time, marketers must

understand “the why behind the what”, or rather the reason behind why people are on these different devices.

In their book, Hritzuk and Jones liken the different screens, namely TV, computer, mobile and tablet, into archetypes developed by Carl Jung<sup>3</sup>, in order to get people to answer truthfully on questions regarding their relationship with their screens. This was done with the purpose of getting a better insight into the relationship people have with these devices, as it can be quite challenging for people to discuss how they feel about inanimate objects.

TV plays the role of both Jester and Everyman, a source of laughter and enjoyment, and an easy-going but reliable ordinary guy, respectively. It is described as the old friend that keeps us company and provides us with trustworthy content. People over 40 are more likely reachable through TV, as it is something that has been constant in their lives and has become something they turn to, while people under the age of 40 are more likely to treat TV as something akin to an old friend they have already outgrown. They most probably still have a TV around, but most of their focus is turned onto other screens. According to this analogy, TV is most suited when advertising for a bit older audience, and in order to effective the advertising should contain a clear message, while also entertaining and prompting an emotional reaction (Hritzuk & Jones, 2014:29-30).

The Sages are the intellectual guides, helping us in navigating the pathways of life by providing the necessary information. In this case the honour goes to computer, as it is nowadays an encyclopedia, library and doctor all rolled into one, offering us the information we need when we need it. The computer delivers productivity, knowledge and advice, and offers more freedom than TV, as the users can look for information that isn't as tightly controlled. Whereas TV was closest to heart for people over 40, the people under that age feel more connected to their computers, as these people have grown up in a dual screen world: If it came to choosing just one of these devices, they would choose computer simply because it does more than television. The advertising should live up to its archetype, with offering content that is engaging and provides information for people when its needed, as the usage of computers is often associated with demanding attention and focus (Hritzuk & Jones, 2014:31-34).

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<sup>3</sup> Jung's archetypes are personifications of the core relationships a person has with themselves, other people and the world around them (Hritzuk & Jones, 2014).

It is no secret that nowadays people are increasingly attached to their mobile phones and rarely go anywhere without them. Were the mobile to stop working or go missing, most people would feel completely at loss, because that is how integrated phones have become in our lives. On top of this, the attitude towards mobiles is very proprietary with many people seeing them as deeply personal and private devices, as they contain everything from texts to photos of our loved ones. Therefore, it makes sense that mobile has been casted as the archetype of Lover, as it is described as emotionally stirring and connecting with us in a deep, personal and meaningful manner. This more personal approach to the device makes it so, that the content seen on the mobile can feel more trustworthy than on any other device. The exception to this is advertising content, which can easily resemble an unwelcome intruder due to the close nature of the relationships. In order for the advertising to resonate with the mobile users, it should be something meaningful and personal, while also causing a positive reaction, instead of just spamming it with coupons and promotional deals just because the functions of the device could support that (Hritzuk & Jones, 2014:35-38).

The last and newest category in the device family, tablet, caused quite a stir when it was first launched as it seemed to be the perfect combination of both a computer and a mobile phone with the functionality of the former and portability of the latter. In the early days, the tablets were categorized as Wizards, as something magical and wish fulfilling. However, as the technology matured, they transformed into Explorers, who act as guides towards discoveries and new places, all the while satisfying our curiosity about the world around us. Even though tablets are portable in nature they aren't seen as personal as mobiles by their users and are in fact often shared by the whole family. The advertising for tablets is said to work best when they offer the user something new to explore or offering something which expands their knowledge on something already learned (Hritzuk & Jones, 2014:39-42).

The idea behind the archetypes is to better understand the purpose and need each device serves in order to deliver the content the consumers want on different devices rather than just plastering the same advertisement on every surface just because it's there or only look at the technological functions of the device, which will most likely lead to advertising that is quite disconnected from its original target, the customers. When the why behind using different devices is covered, it becomes easier to design an appropriate campaign for the right device (Hritzuk & Jones, 2014:48-50).

One of the main takeaways the creators of the book want to offer, is the understanding behind the multi-screen behaviour. For one, it is stated that by just looking at the customer demographics such as age and gender, the marketers are not getting the information needed, as the consumers and their behaviour has changed along with the world and new technologies. Instead, the way people are using these different screens should rather be examined through the needs driving the specific behaviour and the values of the person behind the screen, once again emphasizing the *why* behind the what. The book mentions four different multi-screening pathways that are used in order to understand the screens used by specific audiences as well as help in uncovering the motivations for doing so (Hritzuk & Jones, 2014:152-160).

Context Gracing, the first and most common of the pathways, is used in regard to multi-screening when two or more devices are used at the same time in consuming content that is unrelated to each other. 68 percent of the people studied admitted to engaging in such behaviour. The most straightforward conclusion to draw from such behaviour could be that the people obviously multi-task a lot, but upon further inspection, 47 percent of the Context Gracing consumers are actually just switching between devices out of habit or to alleviate boredom by playing games or watching video clips (Hritzuk & Jones, 2014:160).

The second and third pathways are two different branches, investigative and social, of spiderwebbing, or in other words engaging with related content on two or more devices simultaneously. 57 percent of consumers tend to do investigative spiderwebbing, meaning when they see something interesting on one screen, they continue to investigate it further on another one. Social spiderwebbing is moderately less popular among consumers, with only 37 percent sharing the interesting content seen on one device to their friends through a second device (Hritzuk & Jones, 2014:160-161).

The final path, called Quantum, is multi-tasking behaviour, wherein the customers use multiple screens in order to complete a task. 47 percent of customers engage in this behaviour in order to satisfy a specific need (Hritzuk & Jones, 2014:161-162).

When arranging the respondents by their demographics, age and gender, when it comes to the use of social spiderwebbing, the results are mainly similar. However, when the motivations behind the action are further explored, that is where difference becomes visible. Whereas female Millennials list enjoyment as their key motivation for using social

spiderwebbing, the males in the same age group have high scores on motivations such as power and recognition. Therefore, even when their behaviour based solely on demographics is similar, the two would have to be approached in different ways in order to really connect with them (Hritzuk & Jones, 2014:162-164).

## 2.5 Media streaming services

The currently used definition for the streaming media services according to some sources (Rouse, 2009; SouthTech) is somewhat as follows: streaming media is content, such as audio or video, that is sent to the user as a continuous stream of data via Internet by a service provider, that acts as a host with no downloading needed on the customer's end. During the years the term has been used to describe many different media types such as Muzak, otherwise known as elevator music invented in the 1920's, as well as radio. However, this thesis will focus on the services in fulfilling the current definition, such services include video sharing websites, movie/tv streaming, music streaming and video game streaming, examples of which can be seen below in figure 10.

VIDEO SHARING WEBSITES	YouTube Vimeo Dailymotion
MOVIE/TV STREAMING PLATFORMS	Netflix Hulu Amazon Prime
MUSIC STREAMING	Spotify Apple Music Tidal
VIDEO GAME STREAMING	Twitch Mixer

Figure 10. Examples of different streaming services

According to a Global Media report constructed by McKinsey & Company in 2016, digital media has been the main force driving industry expansion both in consumer spending and advertise spend. The development of over-the-top (OTT)<sup>4</sup> audio and video services has played a great part in powering the growth, as has the explosive growth in use of mobile broadband. It was also noted by the researchers, that there seemed to be a growing preference among the consumers to simply access the content rather than own it. The report concluded, however, that traditional TV was still in favour of advertisers as it remains the channel with the biggest audience reach, but it was noted that the competition from digital media would most likely hinder its growth. Yet when it comes to younger audiences, they appear to prefer OTT services to traditional TV viewing due to its flexibility, which sets the groundwork for the topic at hand (McKinsey & Company, 2016).

The current numbers for subscribers in streaming platforms reveal quite a lot about the current popularity enjoyed by streaming services. The streaming giant Netflix had amassed an impressive count of 148.46 million (Statista, 2019) by the end of 2018, with the help of a record high year with an estimation of 27.4 million new customers in a year (Sheetz, 2018), whereas Spotify increased its subscriber amount to 200 million in January 2019, of which at least 87 million are paying customers (Billboard, 2019). Moreover, one sign of the popularity enjoyed by the streaming services is that according to Sweney (The Guardian, 2018), streaming services such as Netflix and Amazon have already surpassed traditional pay-TV services in popularity in the UK with 15.4 million subscribers, while pay-TV subscribers amount to 15.1 million. Analyst firm Rethink TV even forecasted that Subscription Video on Demand, or SVoD<sup>5</sup>, viewing will catch up to traditional TV broadcasting by 2023 globally (Rethink Research, 2019; Scales, 2019). The numbers for other notable platforms are as following, with Hulu peaking at 25 million (Spangler, 2019), Amazon Prime at around 100 million<sup>6</sup> (Plaugic, 2018) and Apple Music at 56 million (Sanchez, 2018) while Twitch averaged over 15 million daily active users (Twitch Advertising; Influencer Marketing Hub, 2018).

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<sup>4</sup> Over-the-top media distribution, or simply OTT, is a way of delivering content straight to the customer via internet (Miller, 2018).

<sup>5</sup> The term Subscription video on demand (SVoD) according to Techopedia refers to a service that gives users unlimited access to a wide range of programs for a monthly flat rate. The user can also decide themselves when to start the program, as there exists no programming schedule.

<sup>6</sup> As Amazon doesn't release information concerning its separate services, it is not known how many of these subscribers actually use their Prime Video service. According to information obtained by Reuters, the number of subscribers using the video service would have only been around 26 million in 2017 (Dastin, 2018).

With the increasing popularity of streaming services, many companies previously focused on solely production and distribution have started to enter the market, such as Disney or companies branching to a completely new territory such as Apple (Hewgill, 2019). Considering the backing amount of both of these companies, they can pose a considerable threat to the market share of current leaders Netflix and Amazon. Disney's decision especially comes as a blow to Netflix, that until now has owned the streaming rights to many of Disney's properties, such as Marvel and Lucasfilm's contents. With Marvel Netflix even has a deal that allows them to produce their own Marvel series, such as Daredevil and The Punisher. However, as the launch of Disney's streaming service is set for late 2019, already by February 2019 Netflix has cancelled all of its original Marvel content amidst talks about soured relationship between Netflix and Disney (Goldberg, 2018; Kaye, 2019; BBC, 2019). On top of this, Warner Brothers has also announced it will launch its own streaming service, whose beta form should become available by the end of 2019. The future plight of service offerors was even hinted at by John Stankey, the CEO of WarnerMedia, who said those companies relying on licensing deals instead of their own content would experience a vast thinning of content in their libraries (Littleton, 2018).

The fragmentation of the streaming media services is, however, a bad thing in terms of customer satisfaction. Almost a half, or 47 percent, of content subscribers are feeling frustrated over the need to have multiple subscriptions in order to watch what they want (Westcott et al., 2019). One source of complaint is the thinning of the content libraries, which can happen after the license to show it has expired, or if the property owner decides to launch their own service and withdraw the rights from their competitors in order to have them in their own library, as mentioned beforehand in the case of Disney, for example. According to the Deloitte Insights research, 57 percent of subscribers are frustrated over the disappearance of their favourite shows from the service and 48 percent are reporting about the difficulty of finding the content they want to watch when it is diverged across multiple service providers. Thus, many consumers are left feeling that finding a good show is hard task, and 43 percent say they will give up on searching for the content they want if they are not able to find it in a couple of minutes (Westcott et al., 2019). Despite the growing dissatisfaction to some of the features that come with not owning the content that is accessible via streaming services, the popularity of streaming services is said keep going up, with the market set to show a CAGR (compound annual growth rate) of 10.1 percent from 2018 to 2022 according to a study conducted by PwC.



It was also estimated that OTT services will provide 80 percent of the home video revenue by 2022 (Dreier, 2018).

Some of these services are inherently ad-free, such as Netflix and HBO, or can be made so with an upgrade from the free version into the premium membership, as it is with Spotify and YouTube, for example. In fact, 44 percent of people according to Westcott et al. (2019) cite the absence of ads as a reason for subscription. In addition, an increasing amount of people have started to use ad-blockers in order to get rid of the advertisements without having to pay extra. According to a survey conducted in 2017 by GlobalWebIndex, 32% of the global responders used an ad-blocker on their desktop, with the same percentage being 31% on mobile (Digital Marketing Community, 2017). This can pose problems for advertisers, as it takes away a major part of their platform and makes reaching potential customers increasingly difficult.

## 2.6 Generation Z

Generation Z, or Gen Z, is the generation of those born starting from 1993 to 1997, depending on whom is asked (Barr, 2018; Dimock, 2019), making them overlap somewhat with the Millennials, or Generation Y, who are most often said to be those born from 1981 to 1996 (Dimock, 2019; Serafino, 2019). The most common consensus on the age seems to be from year 1996 to 2015, which will be used in this paper as well, even if the age restriction varies by case (Kasasa, 2018). Gen Z is the generation that is often referred to as having grown up using technology and are often credited as being technologically savvy. Many a time Gen Z's are also claimed to be social media addicts and almost tethered to their smartphones (Premack, 2018; Young, 2015).

There doesn't exist much data on the consuming habits of Gen Z's, as the age scale puts them between a toddler and a young adult. It is, of course, hard to measure the consuming habits of someone who has no money of their own to spend, which is why in this paper the focus will be solely on the upper part of the scale, namely upwards from teenager, roughly fourteen and up. One milestone mentioned that supposedly defined the childhood of a lot of Gen Z's is the global depression of 2008, which has been cited as shaping their consuming habits towards more frugal than their Millennial counterparts, for example (Young, 2019). They are also the generation that has grown up with technology and have had access to internet and even a smartphone from a relatively young age, as revealed by an article by Rachel Premack (2018a). In addition, they are



the most diverse generation to date, and often said to be more politically involved and concerned for the political climate and environmental issues than their Millennial counterparts. They have also been called more entrepreneurial according to some (Premack, 2018b), but others argue they are simply more pragmatic and survival-oriented; entrepreneurship is seen as a means to be self-employed, but their ventures are more likely to be more risk-averse and focus on sustainability (Finch, 2015).

A regular notion about Gen Z's is that they suffer from short attention spans. This is, however, not correct according to Finch (2015) but is rather because they have learned how to quickly filter what interests them from the constant onslaught of advertisement they are exposed to. During this approximately eight seconds, they decide whether the content is something they are interested in or not. This can pose a challenge for advertisers as the attention must be grabbed quickly, before they can lose interest. Gen Z also often turns to influencers as a means of saving time when it comes gathering relevant information.

#### 2.6.1 Media consumption of Gen Z

According to a survey conducted by Business Insider, Gen Z spends on average five hours of the day on their phones, the same amount of time adults spend on average in watching TV. However, Gen Z spends notably less time watching TV than the generations before them, as a third of them watch TV only an hour or less in a day. Many of them mainly use watching TV as a way to spend time with their family, 43 percent, or to fall asleep, 33 percent (Premack, 2018a). As seen on the next page in figure 2, only two percent of teens mention cable as their primary video source, while 93 percent use YouTube and streaming services, such as Netflix, the most. According to Premack (2018c) the shift from cable is not due to unavailability of TV and cable services as a lot of Gen Z's still live at home, but rather because of the increasing use of mobile phones when watching videos. According to some respondents, they prefer YouTube and Netflix because they can choose what they want to watch and do it ad-free, in the case of Netflix. YouTube is used in large part for hobby content, such as gaming or beauty and video blogs or vlogs are also popular among younger audiences, with the teens often viewing the vloggers as something akin to a trusted friend. Facebook, however, was reportedly in strong decline among the teens, as most people on it nowadays are of their parents' age (Premack, 2018a).

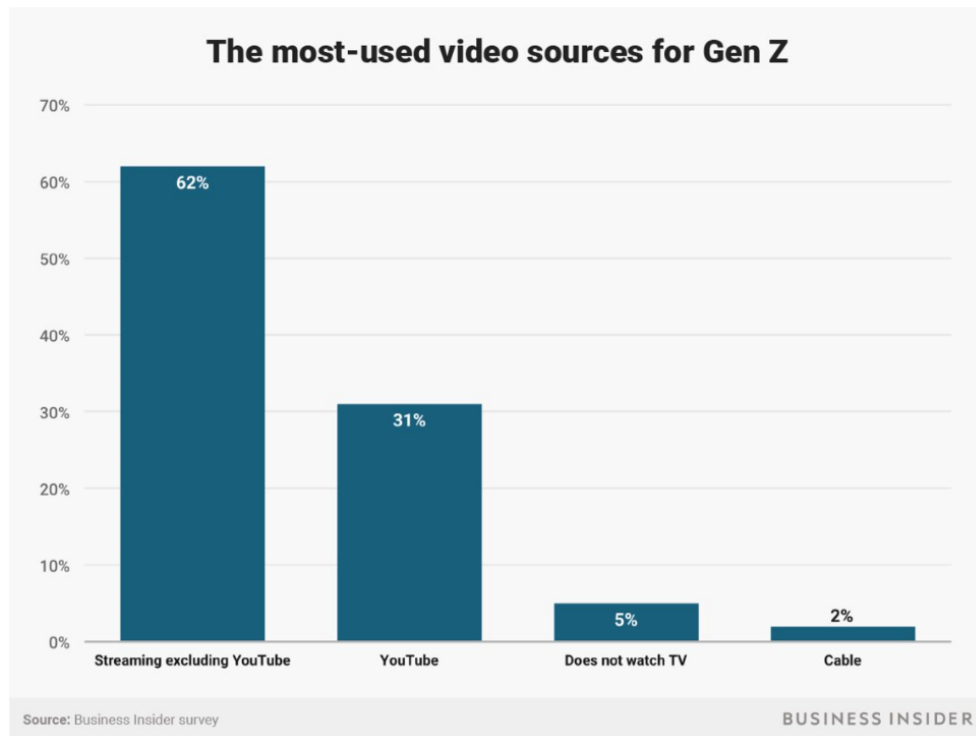


Figure 11. The most-used video sources for Gen Z (Premack, 2018c)

Perhaps a bit surprisingly, however, in a 2018 report by Deloitte Insights, it was noted that the consumption habits of different generations are converging when it comes digital media, making it harder for marketers to use age based segmentation or any demographic segmentation as they are becoming less accurate (Westcott et al., 2018). This claim supports that made by Hritzuk and Jones in their 2014 book and is further evidence that the means of consumption are changing along with technology.

According to a study by the Center for Generational Kinetics (2018) over half of Gen Z's spent five hours or more on their phones daily, with 26 percent using it for over ten hours. This percentage varies a bit based on gender, as can be seen in the figure 12 on the page 23, with females accumulating more hours on their phones daily than their male counterparts. The Gen Z seems to view the smartphone as something akin to an extension of themselves, with 31 percent reporting feeling anxiety if they are away from their phone for 30 minutes or less. 42 percent also admit to getting stressed out, if someone touches their phone without permission (Villa, Dorsey & Denison, 2018).

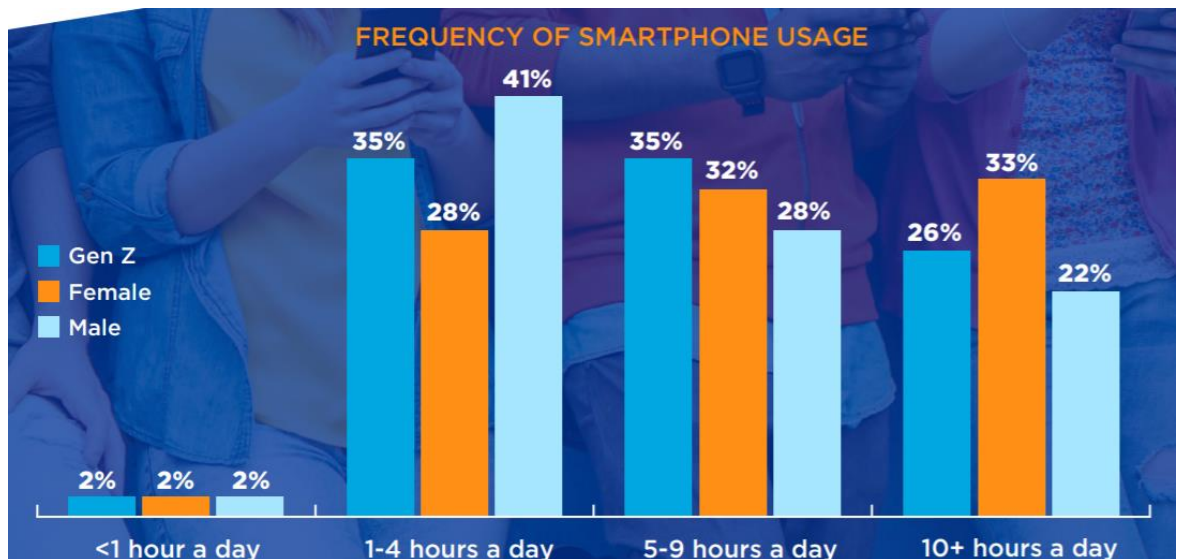


Figure 12. Frequency of smartphone usage (Villa, Dorsey & Denison, 2018)

As to what exactly the teens do on their phones for many hours a day, there exists multiple answers, but the biggest chunk of time is spent on social media. Yet, not all platforms are used for the same purpose and most Gen Z's use multiple platforms daily. Instagram is used mostly when following brands, Facebook for creating or checking group events and Snapchat for sending videos and selfies or posting them. One again, there is a difference in how males and females use these platforms, with females averaging 12 percent more than males in all categories as can be seen in figure 13. The females seem to be more immersed in social media, and therefore more susceptible to the messaging seen there more as well as more prone to comparing themselves to what they see on social media (Villa, Dorsey & Denison, 2018).

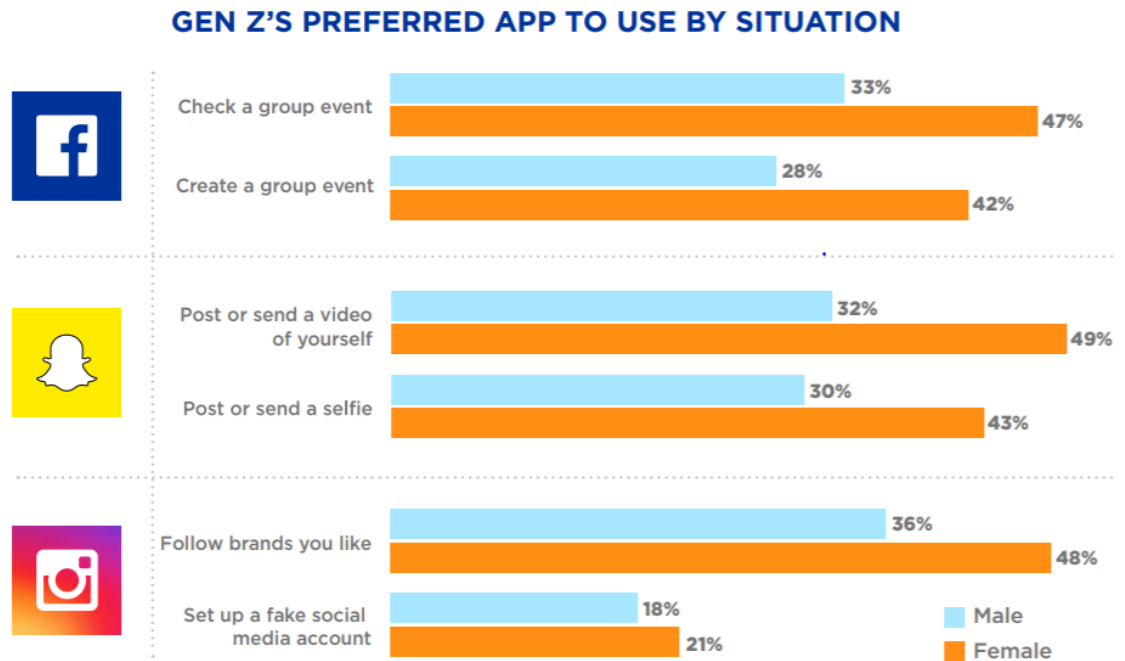


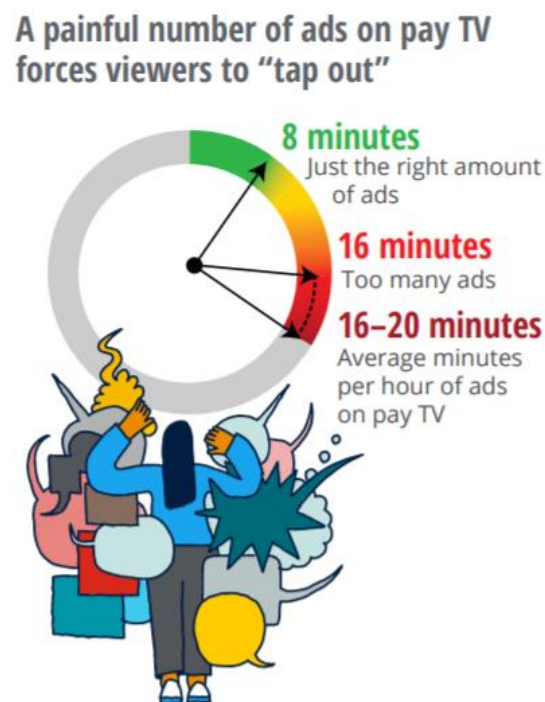
Figure 13. Gen Z's preferred app to use by situation (Villa, Dorsey & Denison, 2018)

As stated by the study, the importance of YouTube should not be overlooked either, as it is used in large part for information gathering, whether it be about a hobby or a potential employer. It was also revealed that Gen Z trusts YouTube ads more than those from TV, print or radio, with 30 percent placing them above traditional media in trustworthiness.

### 2.6.2 Attitude to advertising

Up to recent years, advertisers have relied heavily on marketing channels such as TV and radio, which have until lately reached the most potential consumers. With the new age of emerging streaming services and social media, the advertisers are now facing new challenges brought on by the varied means media can be consumed today, as especially the younger audiences are increasingly moving towards online platforms. As stated by McKinsey & Company in their Global Media Report 2016, digital media is the main force behind current industry expansion, both in advertising and consumer spending. In addition, according to them digital consumer spending tripled during the years 2010-2015 and was forecasted to double from 2016 to 2020. It was also mentioned that the younger audiences in particular prefer over-the-top (OTT) media distribution and their usage of traditional TV viewing is in decrease (McKinsey & Company, 2016).

According to Westcott et al. (2019) consumers know that sitting through ads is a part of the entertainment experience and most of them are prepared to do so, particularly in exchange for free content. Yet, many think that the number of ads they are exposed to has gotten too high. In fact, 75 percent of viewers are of the opinion that pay TV is riddled with too many advertisements. Most think that eight minutes of ads in an hour is enough and after 16 minutes of ads they will stop watching. However, it is quite typical for pay TV to have 16 to 20 minutes of ads per hour, as demonstrated in figure 14, which results in some consumers just simply passing on watching TV altogether. Furthermore, 77 percent of consumers think that the ads shown should be shorter, the preference being less than 10 seconds, while 82 percent say there is too much repetition in the ads that are shown on TV.



Source: Digital media trends survey, 13th edition.

Figure 14. The right amount of ads on pay TV according to consumers (Westcott et al. 2019)

Gen Z are even stricter when it comes to their attitudes towards advertising. According to a research conducted on the advertising preferences of Gen X, Y and Z by Kantar Millward Brown, Gen Z is the generation that is least willing to tolerate any form of online advertising. It is reported that 66 percent of them skip online ads whenever possible, while only 20 percent say they are not bothered by the ads online. On top of this, 36

percent admitted to finding something else to do while the digital ad plays. Adblockers are also popular with the younger audiences, with many of the respondents answering that they have installed one to their mobiles because they feel like the ads shown are irrelevant, 36 percent, slowing their phones down, 41 percent, or interrupting their browsing, 47 percent. As a silver lining, however, half of the Gen Z's have positive attitudes when it comes to advertising that is integrated on social media feeds and prefer video ads to other advertisement on their phones, while 45 percent are willing to be engaged with native advertising<sup>7</sup>. The study suggests that instead of bombarding the customers with invasive and non-skippable ads, the advertisers should focus on providing content that is relatable and feels natural to Gen Z's, while being visually engaging (Kantar Millward Brown, 2017).

### 2.6.3 Gen Z as consumers

As the most socially connected generation thanks to social media, Gen Z are largely influenced by other people when it comes making a purchase decision. However, they are not only influenced by their friends and family, but by total strangers as well. In fact, 46 percent of Gen Z's follow more than 10 influencers on social media (Villa, Dorsey & Denison, 2018). As previously mentioned, influencers are seen by the younger audiences as peers, which makes them more reliable despite their thousands of followers than, for example, a famous actress or an athlete. In fact, the influencers with fewer followers actually have higher engagement rates than their famous counterparts. These micro-influencers have the advantage of being more relatable, as they are average people with day jobs and money problems like the rest of us (Wissman, 2018). In addition to seeking inspiration from influencers, friends and family, Gen Z's look for additional information from user generated content (UGC)<sup>8</sup> before making a buying decision especially from reviews and recommendations by other consumers. In effect, 68 percent of them read at least three reviews before buying a product, while 16 percent read nine or more (Villa, Dorsey & Denison, 2018).

What is perhaps most important indicator of the behaviour of Gen Z is their want of authenticity. They shun regular ads with Hollywood stars plastered on them for the same

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<sup>7</sup> Native advertising is paid advertising where the ad matches the form, feel and function of the content of the media on which it appears (Vinderslev,)

<sup>8</sup> User generated content or UGC is any type of content that has been created and published by unpaid contributors (Gallegos, 2016)

reason they reject brands that feel disingenuous or do not practice what they preach; it simply does not feel authentic or something they can relate to. Gen Z wants to be engaged with, to have an impact on the brand. Most importantly, however, they want to be treated as individuals rather than be boxed into groups (Cheung, Davis & Heukaeufer, 2017). Same thing applies when it comes to communicating or advertising to Gen Z, as well. The more personal the approach, the better results it will yield. Gen Z's want to be engaged throughout the whole process, whether it be via recommendations based on previous purchases or reviewing the product. One factor that is also important to note, is that due to their relatively young age, many Gen Z's still live at home. This can either mean that they do not purchase as much themselves, but it can also signify that they contribute to their families' purchase decisions.

With the increase in use of internet in all corners of life, the question of personal data is becoming more prominent. By using a site, it begs to question how much data it will gather of a person and to what end. Gen Z are amongst those who are getting increasingly worried about how their personal data is being used and would like to recover some modicum of control over it. As the amount of subscriptions of different services increase, the consumers' personal and financial information are scattered across the web. In addition, every time they watch an ad, they are tracked and the more they customize their experience, the more they make themselves susceptible to security breaches and loss of privacy. For this reason, identity theft, financial harm and use of sensitive data against their knowledge are becoming more feared by the consumers. Many consumers have an increasing desire to control their data, much in the same way they are able to control their entertainment experience (Westcott et al. 2019). Of Gen Z 55 percent want to be able to decide what information of themselves they share with brands and 54 percent want to be in control of how brands contact them (Cheung, Davis & Heukaeufer, 2017).



## 2.7 Research question, method and main issue

The research question the thesis aims to answer is how the advertisers can still connect with and influence the consumers in the time when traditional marketing channels are losing some of their importance, as younger audiences are increasingly switching to new media platforms. The focus is on the younger audiences, and more specifically on the Generation Z, who are the youngest generation to use these services. In addition, the focus on Gen Z's is also interesting in the sense that they are the generation who have grown up during the time of social media and at the peak of digital revolution. The thesis aims to address how these Gen Z's are different when it comes to their media consuming habits as well as their attitudes towards marketing and advertising, and how to reach them as an audience despite the challenges.

The collection of data will be based on existing literature, or in other words secondary data, as well as on previously conducted researches. The main problem encountered with the research and the source material is the ambiguity that surrounds the term Generation Z. There exists no common consensus of the age restriction of the term, hence all the sources are quite possibly done with a different age restriction in mind. Therefore, the conclusions drawn might not be spot on for the age limitation decided for the paper.

## 3 Ways to connect and influence with Generation Z

As previously discussed, Gen Z is highly active in social media and internet and spends a big part of their day on their mobile phones. Most of their media consuming happens online, on platforms such as Instagram and YouTube, or on streaming services such as Netflix and Hulu. With a global buying power estimated around \$143 billion and counting (Wheeler, 2018), they are becoming a force to be reckoned with. However, they have not earned a reputation of being hard to reach for nothing: Gen Z is the first generation to be born after the digital revolution and have grown up with the complexities of it. Therefore, it would be quite senseless to expect their behaviour to be anything less than complex in on itself. Based on the information already presented in this thesis, we know that the traditional media is not applicable, nor are the pop-up ads that serve mainly as an annoyance that is either ignored or side-stepped with ad-blockers. The question,



therefore, is how this generation that spends most its time in the digital world, can be influenced by the advertisers in a way that truly connects with them.

In marketing terms, when thinking of a strategy with which to connect to the teens, we would start with segmentation. The people that we want to target are segmented based on their age, in other words around 14 to 20 years of age. As we already know, the people of this particular age are found mainly online, so traditional media outlets such as magazines and radio will not likely help us there. With this information, we have already found out our preferred platform for promotion, as well. Thus, we have already figured out a part of the equation which makes the who we are trying to advertise to. Yet, as already covered in the literature review of the thesis, this is simply not enough anymore. As traditional segmentation is starting to lose its foothold, it is becoming increasingly important to understand the *why* behind the who or what when it comes to advertising. This is especially essential in the case of Gen Z, who prefer personalized contact and loathe being marginalized when it comes to advertising.

What is important to note, is that Gen Z is increasingly multi-screen oriented when compared to the older generations. Whereas Generation Y mostly prefers the two-screen approach, mobile and desktop, Gen Z multitasks seemingly effortlessly between five different screens, specifically mobile, laptop, TV, tablet and desktop (Newton, 2016). This makes it important for advertisers to think in terms of multiplatform: what are the audiences looking for when they use a certain device?

The archetypes discussed earlier in section 2.4.2. Multi-screen marketing can help with this. As previously covered, Gen Z views the contents of their mobile as something deeply personal and feel often at loss without the phone near them. For this reason, the phone is casted in the role of the Lover. As mobile is also their most preferred medium on which to access content, it is imperative for advertisers to realize the implications behind the use of it. When mobile is seen as the most personal of devices, the advertising content aimed at the mobile platform should reflect it. However, not all apps are used for the same purpose, which is also important to remember. As a reminder, the basic division of purpose that teens use their social media apps for is as following: Instagram for brands, YouTube for hobbies and information, Snapchat for sharing pictures and Facebook for group events. As all mediums are used for distinctive functions, it stands to reason that the advertising aimed at them should not be the same across all platforms. For example, if a company decides to advertise their brand on Facebook for Gen Z's,

they will most likely not see great results as Facebook is seen by the younger generation as something mostly their parents use, lessening the appeal of it in their eyes. Placing the right advertisements on the right platform can go a long way towards it gaining traction.

A lot of their time is also divided between screens other than mobile. A rising number of teens globally are operating computers and tablets in their everyday lives as a part of studying or working, on top of using them for entertainment. In the archetype model, computers were dubbed as the Sage, the all-knowing and all-powerful entity. Computer is also said to be more valued by the younger audiences than the TV, which again fits what we know about Gen Z. As a recap, computers are mostly used for researching purposes, so the most appropriate advertising should be something that is engaging to the consumer, but also providing additional information. The tablet, or Explorer, is most often used for discovering new things or expanding on the existing knowledge.

Nevertheless, the presence of the teens in multiple screens at the same time also makes the task of reaching them more difficult. As discovered in previous chapters, Gen Z's are quite hard to win over when it comes to advertising and are prone to blocking it with varying means. If something doesn't catch their attention in the eight second window, they are likely to turn their focus away, perhaps to another screen in a manner of Context Gracing. Furthermore, if something in the ad doesn't feel natural, whether it is its placement or the content of it, they are quick to dismiss it as irrelevant to their interests. On the positive side, however, teens are more partial to the advertising happening on their social media feeds as long as it does not feel interruptive and have a mostly positive outlook to native advertising.

Keeping this in mind, the approach that should be gone with is highly digital in nature. As the phone is where the Gen Z is at, that is where most of the traffic will be. To tap into this, advertisers should adopt a mobile-first strategy and concentrate on the apps where they know the younger people to be at. For Instagram the most profitable strategy is to enlist the help of influencers to help in generating buzz around the brand. However, not just anyone with a high number of followers should be chosen; if the brand image and that of the influencer do not match up, the young consumers are quick to spot the inauthenticity of the partnership and the ad can backfire on both the brand and the influencer. Therefore, it is more important to find someone with the same values and similar outlook on things with the brand, rather than someone who has over five million

followers, yet does not represent the company in anything but name. When focusing on quality over quantity, it is possible to gain more benefits, as these so-called micro-influencers are often credited with having higher engagement rates with their followers than the ones with millions of followers.

Video advertising can be one of the best ways of cumulating interest, if it is done right. However, the task is made more daunting for advertisers as the Gen Z's are extremely selective when it comes to the use of their time and will mercilessly ignore every advertisement that does not pique their interest in a manner of seconds. As previously mentioned, Gen Z are notoriously quick in skipping ads and have a strong dislike for non-skippable pre-roll advertisements. Video ads in particular can often feel interruptive, especially if they are positioned to play in the middle of watching content. The platform on which the ad plays can have a significant role, as the young seem to be more inclined to tolerate video ads on their phones compared to other devices, especially if it is displayed on their social media feeds. The key in succeeding to make an efficient video ad is in part understanding the platform on which it will be displayed. If the ad is too long and doesn't get to the point quickly enough, it is doubtful it will make an impact on sites such as YouTube, where the average time before the option to skip the ad becomes available is around four to five seconds. Furthermore, even if the ad is non-skippable, in the case it is unable to capture the attention in those crucial eight seconds, the viewer will most likely turn their focus elsewhere for its duration. The same thing, but even more enhanced, is applicable for other apps as well. If the ad isn't convincing enough, most consumers will scroll over it on their feeds. The advertisers need to create something that is visually attracting, goes straight to the point and feels natural to the platform it is in. As mentioned before, this can vary depending on the platform, as they are mostly used for different reasons. Once more, the archetypes are good to recall, as they can help in deciding what sort of content to show and where. On top of that, it pays off to think about the social media platform and its function. In short, there is no easy way to go about it, if one wants to succeed. Obviously, it is possible to create one ad and plaster it over every media outlet and on every device, but the chances that it will become something people are really taken with are quite slim.

One way to increase the relevancy of ad videos shown would be to coordinate them in accordance with the content already accessed, resulting in a more personal approach. However, showing consumers ads of what they have already seen is not the point, but rather expanding on it by offering things with similar content. Therein lies the problem of

data usage, however, as many are not happy that their every move is tracked when browsing the internet. One solution could be the option to sell their personal data in order to not only reclaim it but to even make profit out of it, which could take away some of the hostility consumers feel over being tracked. However, as Gen Z's are mostly underaged at the moment, this is probably not the most viable option as there might be some regulative and ethical reasons against it.

Along with authenticity, what Gen Z really wants from businesses is transparency. They want to know how the business operates, what are the people like who work there and what the business is doing in helping the society and if the answer to the latter is nothing, the situation better change. As fighters for social issues themselves, Gen Z approve of those willing to make a stand. However, it is imperative for the businesses to practice what they preach, as well, or it will all be for nothing. Young people want brands they can connect with, who share their values and drive for a better tomorrow. Therefore, it is important that the brands put time into cultivating their owned media, in order to offer a distinguished and clear picture of the company and its values to anyone who comes looking. Putting effort into the layout of the company website, for example, will surely score points with the younger consumers who pay a lot of attention to the visual details.

As discussed before in multiple occasions, Gen Z is the most social of generations to date. They spent most of their day on social media, and they are always connected to the rest of the world via their mobiles. Hence it stands to reason, that they are also quite reliant on the opinions of others. Whether it is about a product they want to buy, a picture they just uploaded or an article they just read, Gen Z wants to know how other people react to it. This makes them, for the luck of advertisers, the generation that is probably the most susceptible to influencing, but only when it is done the right way. Gen Z reacts often favourably to content that is generated by influencers and other consumers, as this type of earned media is seen as more trustworthy than either paid or owned media. This coincides with their want of authenticity, as you arguably cannot get more real than by going straight to other buyers. Most businesses have already realized that by providing user generated reviews of the products and services on their own pages, they are offering the potential consumers an easily accessible reference point. One that probably does more in terms of actually selling the product than anything said on the actual product page, at that. However, by the virtue of being on the company's own web page, there is always the doubt of whether the review is genuine or in fact paid by the company.

Therefore, instead of just hosting the reviews, companies could provide links or previews of outside commenters in order to alleviate the suspicions over content manipulation.

Influencers and UGC are arguably the most powerful tools when it comes to influencing and connecting with Gen Z, as they tick off all the boxes of what Gen Z looks for. They are seen as easily relatable, often like-minded and more trustworthy than faceless big corporations or the millionaire celebrities who claim to use the two-euro shampoo sold in the supermarket near you. Humans have always been social beings but with the world opening up and providing social interaction without even having to leave the house, people have become more aware of their ability and, in the case of Gen Z, responsibility to influence the world around them in order to improve it. After all, they will be the consumers of the future and the quicker businesses learn to accommodate their way of thinking, the easier it will be moving forward.

## **4 Conclusion**

In many ways, Gen Z is the product of the time it has grown up in. Many of the changes and complexities of the time period can be directly seen in the way they view the world and behave in it. The many changes that have occurred in the world during their relatively short time on this earth, such as the straining political climate and increasing worry about environmental and social issues, have molded them into more assertive and pragmatic than many of their older counterparts. They are also globally well connected, thanks to globalization and the availability of social networks. This is something that is reflected in their behaviour as consumers, as well.

Based on the research conducted, in order to truly connect with Gen Z there are multiple aspects to take into account. They exist constantly online on numerous different social media platforms and with several different devices. As these devices and platforms serve different needs and purposes, it doesn't suffice to just make one video ad and thrust it online in the hopes that it will gain traction. Gen Z wants their ads to feel personal to them as well as fit the purpose of the media platform they are presented in.

The advertisers are currently facing a big change from the status quo. When in past they have been trying to find the way to get the biggest possible coverage, younger consumers are making it quite impossible to reach them with any traditional means, as

they shun the notion of mass marketing and exist mostly outside the reach of TV. The consumers have also more power when it comes to deciding what ads they want to see and where. With the rise of ad-blockers, it has become easier to block obtrusive ads and with streaming services there is no need to sit through advertisements while enjoying a series or a movie.

In order to be able to advertise successfully to Gen Z, the marketers must do it on their terms. The advertisers need to start understanding why Gen Z uses the different platforms and devices and develop strategies accordingly. There exists no simple way around it, as with the development of technologies the ways in which customers consume media keeps fragmenting further and reaching new dimensions. This means more work for advertisers, as they must change their approach depending on the medium they are using. Instagram must be targeted in a different way than YouTube, whereas customers browsing the web do it for different reasons depending on whether they are doing it on their mobile or desktop.

The most important takeaway when it comes to influencing Gen Z is to simply remove everything that is factitious and concentrate on building good relations with customers through trust and communication. If the video ad doesn't make its purpose clear in the first two seconds, it will likely be skipped. If the partnership picture posted on the Instagram page of a life-style influencer known for their frugal approach is suddenly advertising quick loans, they will surely cry foul. The businesses must deliver on the promises they have made, whether they are concerning a product or the good work the company claims to do for the good of the society. Social media has made it easy for people to express their opinions, whether contented or unsatisfied, and even a few bad reviews can make or break someone's purchase decision. Gen Z believes, above all, in other people and their accounts. Therefore, the best thing a brand can do, is to invest in their paid media, especially when it comes to partnerships with influencers which in turn can help in gaining more good word and new customers, generating a more positive reputation for the firm and thus developing the status of their earned media.

People turning to streaming services is not necessarily the cause for the change in how people are consuming but rather a side effect of the audiences, younger in particular, turning more and more towards the digital media outlets. Following the trends of today, everything in the web must be fast, readily available and easy to share. Streaming media services fulfill these requirements more easily than TV currently can, no matter how

smart it is made out to be. The younger generations see TV as a remnant of the past, something that is occasionally worth engaging with but at the same time it cannot hold their attention for longer periods of time. This could be due to their adversity towards the excessive advertising associated with watching TV or the rigidity of not being able to control the watching in the same scope that is available in streaming services. Be as it may, Gen Z will most likely continue their journey towards even more digitalized customer experiences in the future and will remain unattainable in the eyes of many businesses if the way they are advertising doesn't make a shift towards being more consumer-centric instead of being focused mainly on the profit.



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