

THE FUTURE OF **DIGITAL EXPERIENCES**

How Gen Z is Changing Everything

DECEMBER 2017

Research Presented By:

WP Engine and The Center for Generational Kinetics



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WELCOME FROM THE AUTHORS

DECEMBER 2017

Welcome to the 2017 study: **The Future of Digital Experiences.**

Gen Z is becoming a driving force in virtually every type of user and consumer trend. This large, diverse generation of digital natives is growing up in a vastly different world than any previous generation. They were not gradually introduced to digital and connected technology; they came along in the midst of it. They have never known an analog world, which produces a different set of expectations for the future of technology. This is particularly true in regard to their digital experience because for Gen Z, the digital experience is the human experience.

Now is the perfect time to explore the mindset, preferences, and expectations of Gen Z compared to the other generations. With the tendency of technology trends to trickle up rather than down the age span, Gen Z potentially holds the reigns in terms of the future of all things digital. Understanding, in the context of other generations, where Gen Z is, what it wants, and where it's going, is a powerful clue to predicting the future of the Web.

WP Engine and The Center for Generational Kinetics are pleased to partner on this groundbreaking international research. To schedule a media interview about the study and its findings, please contact press@wpengine.com.

Best regards,

WP Engine and The Center for Generational Kinetics



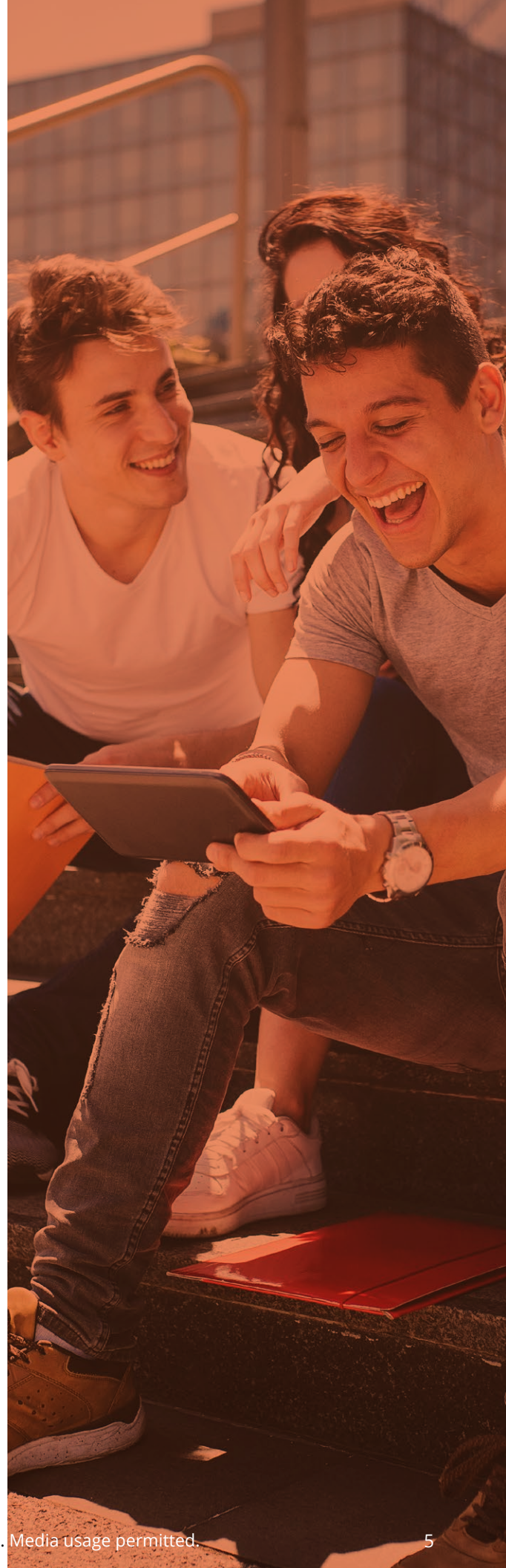
WHERE WE ARE: **GENERATIONAL USAGE AND DEPENDENCY**

THE DIGITAL DIVIDE: INFORMATION VS. IMMERSION

Throughout the ages, generations have differed in their views on most things, from politics to music to social graces. With the advent of the digital age and the experiences it provides, these differences are very much still intact, only they occupy a new category. The digital experience is the newest arena for generational differences to starkly display themselves.

For starters, Gen Z has never known a world without the Internet, so they view it radically differently than older generations, all of whom ventured online at various points in their lives. To Gen Z, there is no “Internet” or “online.” Their connection to the digital world is so ubiquitous and seamless that the digital experience is their human experience. The difference is that Boomers, Gen X and Millennials remember when there weren’t mobile devices or even the World Wide Web and certainly when the Internet could only be accessed on a desktop computer at the sacrifice of the home phone line.

For Gen Z, the digital world has always been ubiquitous. They live in a world where digital experiences are all around them - they price shop online while in stores, hang out with their loved ones while waiting on line and watch their favorite online videos together with thousands of friends. Unlike their predecessors, they don’t see the digital world purely as a source for information, but rather as a way of staying connected to everyone, everywhere, all the time.



THE DIGITAL DIVIDE: INFORMATION VS. IMMERSION (continued)

So how do distinct generations view the digital experience? In short, they think about it very differently. **86% of Gen Zers think of social media first when they think about a digital experience.** This is in line with the drastic rise in cord cutting and TV viewership moving to online alternatives such as Hulu and Amazon. On the other hand, **93% of Boomers and 88% of Gen X say email comes to mind first.**



BOTTOM LINE:

The Internet represents different things to different generations. It means access to information and email to older generations and it means social media and entertainment to Gen Z.

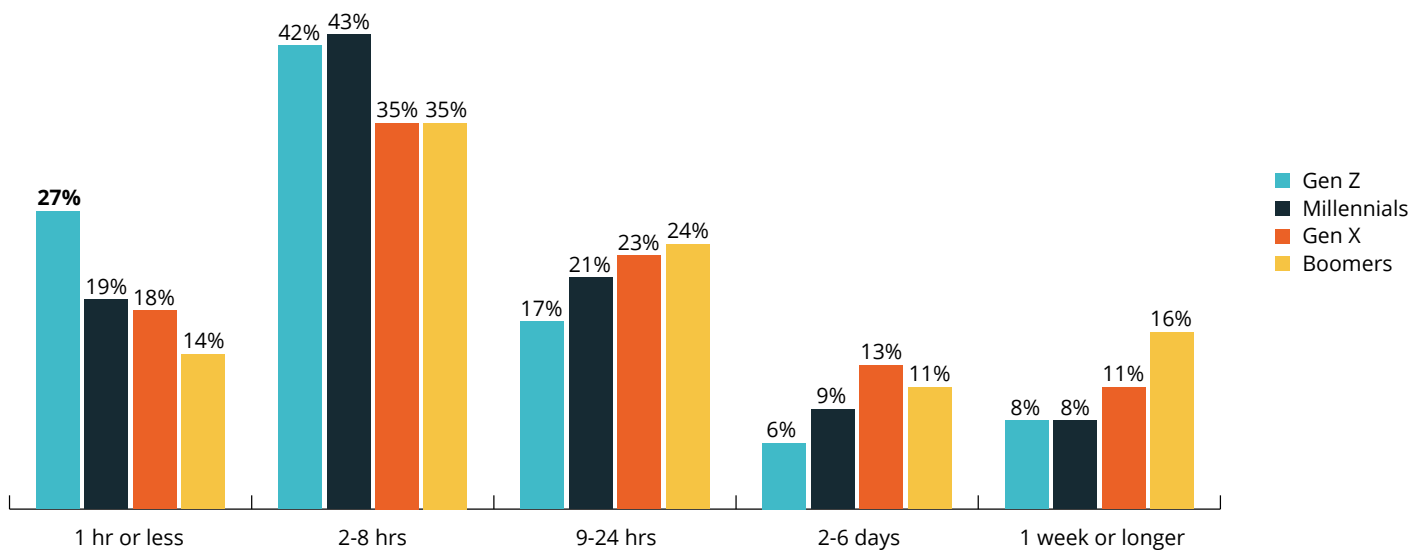
TECH DEPENDENCY IS VERY REAL FOR GEN Z

As Gen Z emerges, its members represent a generational divide in being the first to have a lifelong familiarity with the online world. This familiarity brings with it a new set of habits including increased usage and dependency.

Gen Z doesn't just view the digital world differently; they are more dependent on it than previous generations. The national study found that **27% of Gen Z could only comfortably go less than an hour without accessing the Internet, compared to an average of 17% for older generations! Another 42% of Gen Z says they could only comfortably go without the**

Internet for 2-8 hours. In other words, **69% of Gen Z can't go more than 8 hours without being online!**

Since this is the case, it's no wonder that when they think about the future as it relates to their digital experience, they see a high level of involvement in their personal lives. The study found that 57% of Gen Z says in five years the Internet will determine what a person does on a daily basis. It will also shed a great deal of light on someone's personal life, as 60% of Gen Z believes that your online reputation will determine your dating options.



BOTTOM LINE:

Growing up fully immersed in a digital world has produced a level of dependency that is more pronounced in Gen Z than older generations. It also means that Gen Z is more likely to predict a highly connected future where an individual's personal and professional lives are inexorably linked to the online realm.

ENTERTAINMENT IS THE ONLINE GATEWAY FOR GEN Z

One of the very clear messages from the study is that Gen Z's expectations around what constitutes a great digital experience are evolving... rapidly. First and foremost they want to be entertained. The study found that **the majority of Boomers (73%), Gen X (69%) and Millennials (59%) depend on the digital world primarily for access to information. On the other hand, 72% of Gen Z says their primary online use is entertainment,** demonstrating a marked shift from "inform me" to "entertain me." So in order to reach Gen Z, you must entertain them first and then they will share their experiences.

Digital communication is key for Gen Z. In fact, **51% of Gen Z says they daily depend on the web for access to other people and connections.** They are true digital natives, and expect 1) to have constant online access, 2) that it should be free and secure, 3) that all their online experiences and interactions should be authentic, transparent and personalized, and 4) that the current ways of reaching them online are outdated and will soon be rendered moot.

BOTTOM LINE:

Given their inherent digital background, Gen Z doesn't view the Internet as a global repository of stored information as their predecessors do. Rather, it's a door to empathy and entertainment. And even though they are perhaps the most connected generation, they are selective in how and with whom they choose to connect. To truly understand them, you must entertain them first and that will build the connection.



WHAT WE WANT: **SECURE AUTHENTICITY**

GEN Z YEARNs FOR AND EXPECTS ONLINE AUTHENTICITY

Authenticity has been the cry of every generation in some form or fashion. The difference with Gen Z is that they demand authenticity in a new frontier - the Internet. This is seen no more clearly than in the features and characteristics that this generation absolutely wants on social and dating websites.

Almost half of Gen Z (48%) says they want guaranteed authentication for every person they interact with online so they can trust a person is truly who he or she says. This type of authenticity was the first expectation for social and dating websites from each of the four generations, but much stronger for Gen Z, illustrating a key theme in how they think about digital interactions.

It isn't just in social or dating interactions where Gen Z desires authenticity. They expect it from retailers as well. In fact, the national study found that guaranteed authenticity is the top feature that Gen Z absolutely wants from a retail or shopping website.

Nearly half (49%) of Gen Z wants a retailer to guarantee that reviews are from real people who bought the item and were not incentivized to write reviews. Boomers, Gen X, and Millennials feel much less concerned about the authenticity of reviews. On average, **only 23% of these older generations says this guarantee is something they absolutely want from a retailer.**



GEN Z YEARNS FOR AND EXPECTS ONLINE AUTHENTICITY

(continued)

But, unlike prior generations, in exchange for the authenticity they crave, Gen Z is willing to share information about themselves and they don't mind digital ads as long as they are authentic and personalized to them. Because of this need for authenticity, the old rules of marketing to younger generations no longer apply, including the use of celebrities to sell products. **Only 7% of Gen Z said celebrity endorsements help build a brand's equity or reputation.**



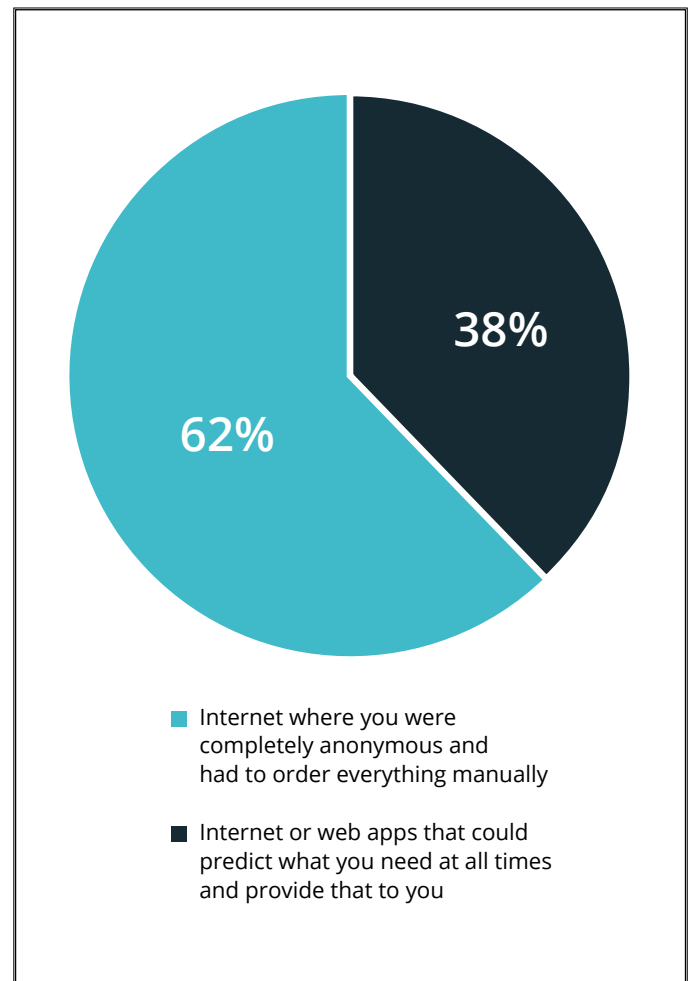
BOTTOM LINE:

Gen Z values online authenticity much more so than their predecessors, expecting it not just in the interactions they have with others through social and dating websites, but also from retailers as well. In particular, Gen Z wants reviews to be vetted and backed with a guarantee of authenticity from the retailer. Not only do they expect authenticity, but they have a strong sense of skepticism and can spot impostors immediately, putting their credibility in doubt.

FROM FEARFUL TO FEARLESS: SECURITY AS AN ENABLER OF BETTER DIGITAL EXPERIENCES

When it comes to ensuring digital devices and experiences are safe, security is a big concern for every generation, including Gen Z. The national study found that two of the top three *least liked* aspects of the Web are security related. **30% of all respondents are fearful of their device being hacked** and **30% dislike the risk of identity theft, fraud, or other crime**. At the same time, **32% say that blocking viruses, spyware, etc., would make their digital experience dramatically better** and **19% say having an easy way to identify untrustworthy websites would vastly improve their experience**.

While security is a concern, the youngest generation is more open to balancing their privacy concerns with the desire for personalized experiences. The national study found that **Gen Z is 25% more likely than Boomers and Gen X to choose a digital world where websites or apps can predict and provide what users need at all times over one where a person is completely anonymous and has to make multiple manual selections**. This represents an important shift in mindset around security from a defensive mindset to a growth mindset. Because they see security as an enabler of better, more engaging experiences, Gen Z is transitioning from fearful to fearless, believing that in order to go as fast as possible, one must have really good brakes.



BOTTOM LINE:

When it comes to secure digital experiences, this is an issue that is top of mind for Internet users of every age. Fear of fraud and other malicious activities top the list of what people most dislike about the Internet. However, younger generations also see the allure of a predictive online experience and are more likely than older generations to choose it over anonymity and to view security as an enabler of better digital experiences.

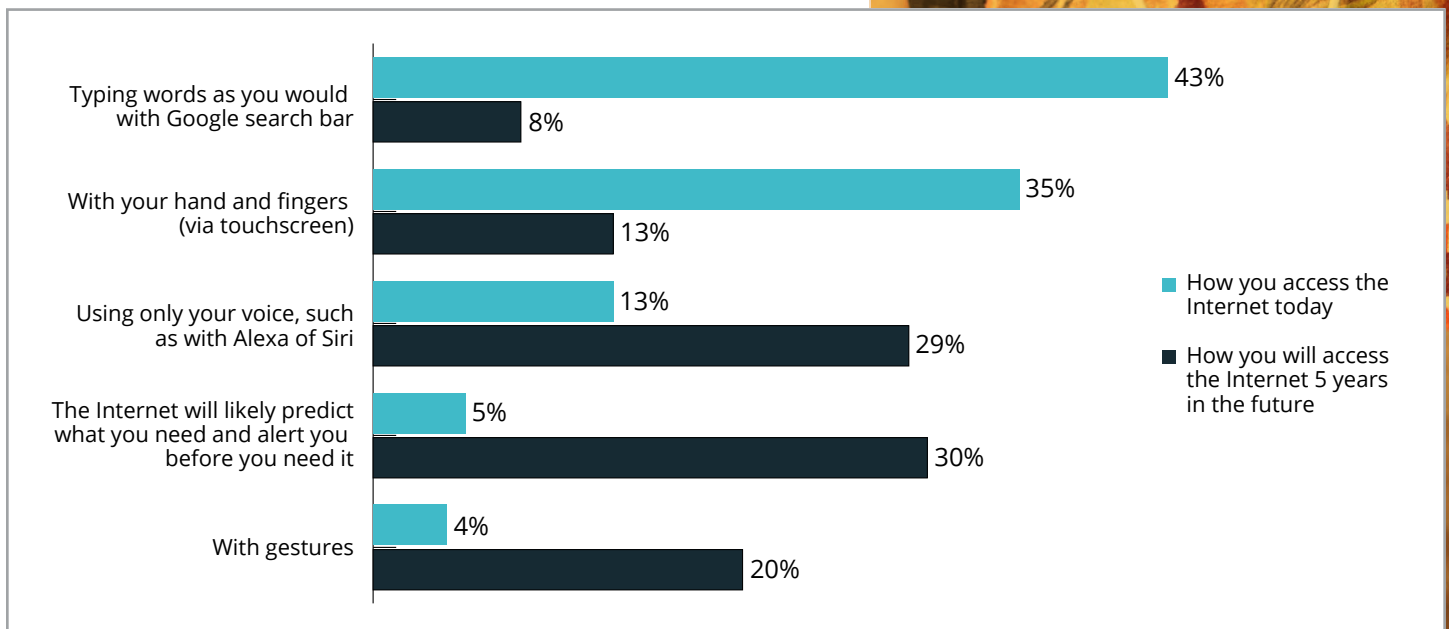
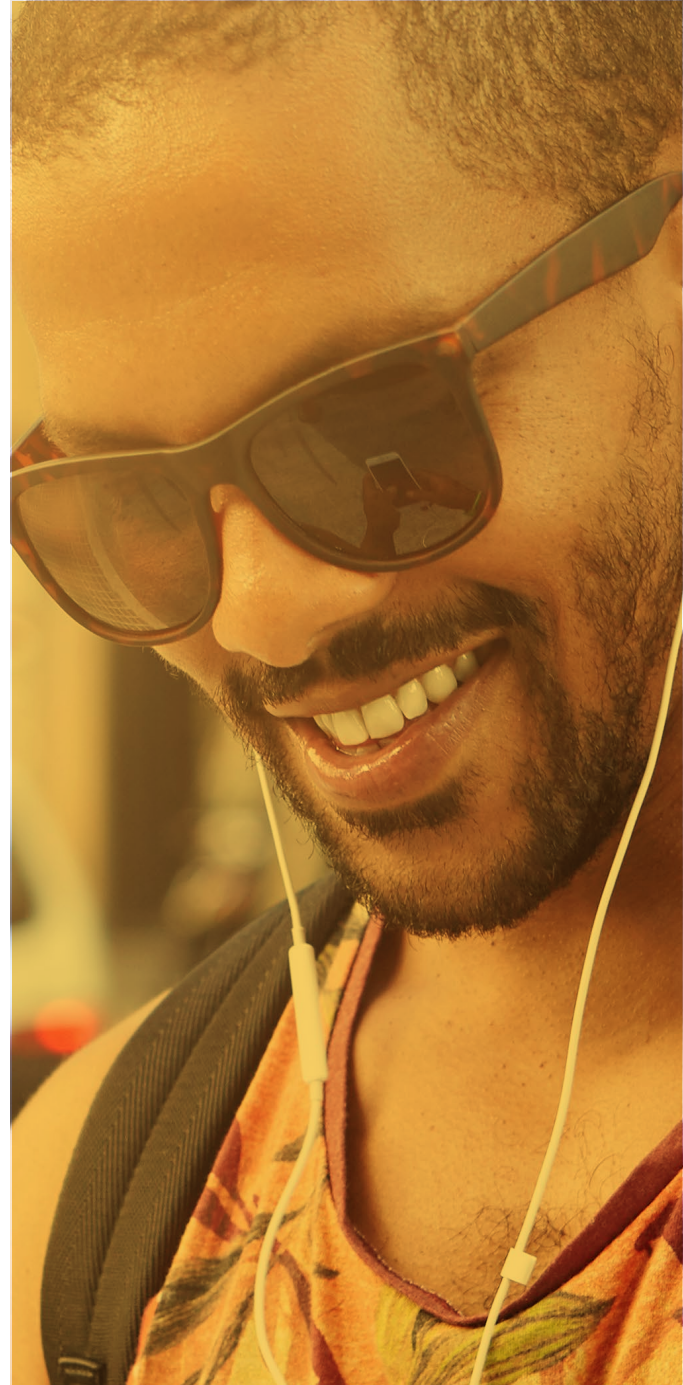
WHERE WE'RE GOING: THE PERSONALIZED, HANDS-OFF INTERNET



PREDICTIVE PERSONALIZATION

The seismic shift toward a more predictive digital experience and the convenience that comes with it is already underway. When consumers are asked about the future of digital experiences, this wave of personalized, predictive technology is central to what they envision. Five years down the road, the online experience will look very different than it does currently. For example, **25% of consumers believe websites will predict what a person wants; 37% think websites will recognize and adapt to the user to create a unique, optimal experience; and 45% believe that everything, from clocks to all types of appliances, will be connected to the Internet.**

Gen Z leads the other generations when it comes to having high expectations for personalized digital experiences. They are more willing to provide personal information in order to have customized online interactions. In fact, **50% of Gen Z would stop visiting a website if it didn't anticipate what they needed, liked or wanted.** Gen Z also believes in technology that will provide personalized experiences, such as virtual reality. 75% of Gen Z believes VR will become a normal part of digital experiences within four years.

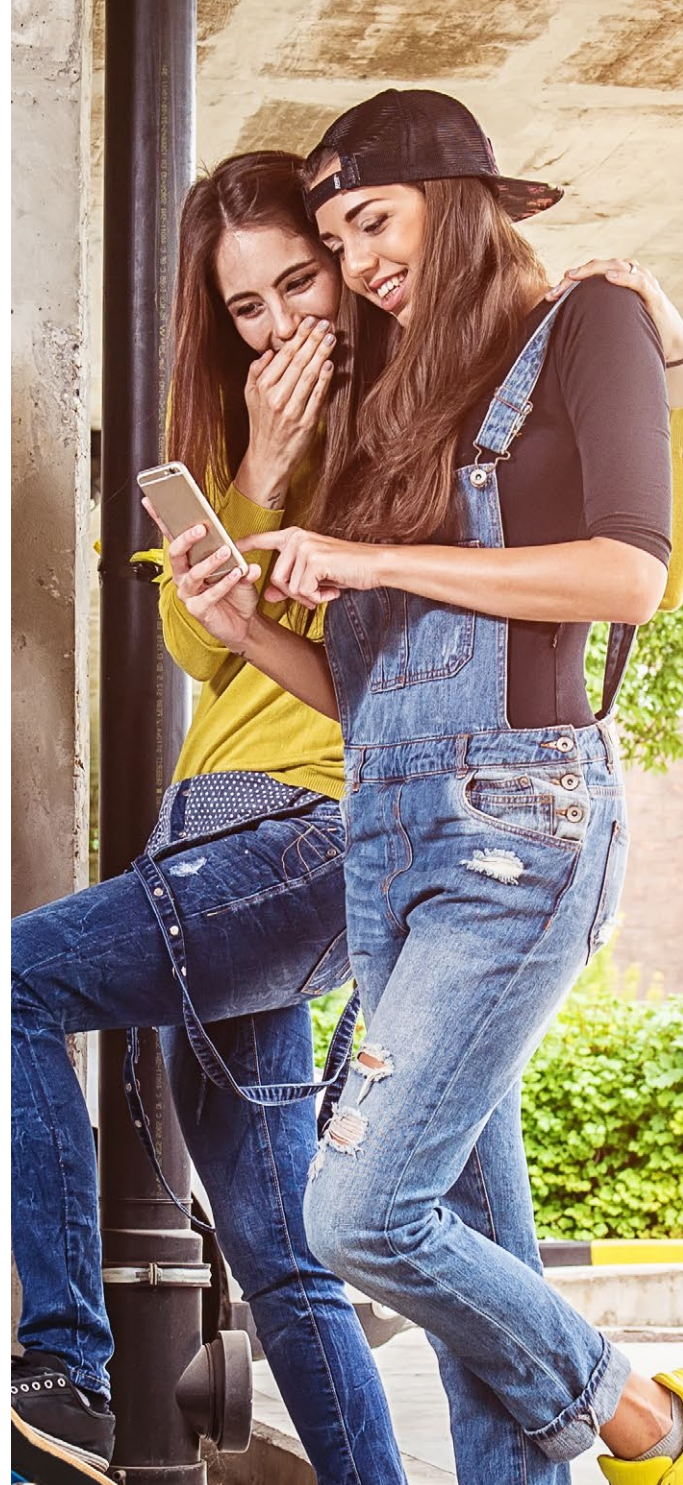


PREDICTIVE PERSONALIZATION

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Part of the trend toward personalization is how we interact with the Web. Older generations lean toward voice activation while Gen Z sees a predictive digital experience. The study found that **43% of Boomers, 33% of Gen X, and 30% of Millennials, but only 22% of Gen Z, believe voice activation will be used to access the Web five years from now.** However, **34% of Gen Z believes that within five years websites will predict what someone needs and alert the person before he or she knows it's needed.** **23% percent of Gen Z also believes we will access the Internet using gestures five years from now.** Additionally, **58% of all respondents believe that all websites will "talk" to each other so that every site, app, or appliance will present a personalized experienced.**

The use of voice and gestures for digital interaction means websites will be able to incorporate emotional cues in the information they serve up and the use of predictive algorithms means that there won't just be one website for a company - there will be billions of them - each one as distinct and unique as the user experiencing it.



BOTTOM LINE:

The youngest consumers among us are quite sure that in the near future, digital experiences will be both predictive and highly personalized. From anticipating the needs of users to connecting to household devices to accessing and interacting in new and different ways, consumers see a future of extreme overlap between users' personal preferences and the online world. Little of what we predominantly use today is expected to be around in five years because it will be replaced by much newer capabilities such as voice recognition, gestures, movements, and prediction. Virtual reality will also be a normal part of using the Internet in even less time.

RESEARCH SUMMARY: THE DIGITAL EXPERIENCE IS THE HUMAN EXPERIENCE



Gen Z is a large, increasingly influential group with a relationship to technology unlike any previous generation. In fact, their human experience is their digital experience, and they are dependent upon it. Gen Z has never known a time devoid of online access and they depend on the Web for entertainment over information. They also crave authenticity in all aspects of these digital experiences, and see security enabling better, more personalized interactions. Gen Z believes the future will be personal, with connected appliances and devices and uniformly personalized experiences across websites, apps, and platforms. And they will access those experiences in new ways, such as voice, gestures and predictive technology.

The results of this international survey were similar by geography, and showed that digital experiences are part of everything Gen Z does. From socializing to shopping to paying bills, Gen Z is connected to everyone, everywhere, all the time. This presents a huge opportunity to connect with them - in more human, more secure, more predictive, and more personalized ways than ever before.



ABOUT THE AUTHORS



WP ENGINE

WP Engine is the world's leading WordPress digital experience platform that gives companies of all sizes the agility, performance, intelligence, and integrations they need to drive their business forward faster. WP Engine's combination of tech innovation and an award-winning team of WordPress experts are trusted by over 70,000 companies across 130 countries to provide counsel and support, helping brands create world-class digital experiences.

Founded in 2010, WP Engine is headquartered in Austin, Texas, and has offices in San Francisco, California; San Antonio, Texas; London, England; Limerick, Ireland, and Brisbane, Australia.


For more information, visit WPEngine.com.



THE CENTER FOR GENERATIONAL KINETICS

The Center for Generational Kinetics is the leading research, speaking, and solutions firm focused on Millennials, Generation Z, and solving generational challenges. The Center's team of PhD researchers, strategists, and keynote speakers help leaders around the world solve tough generational challenges in areas ranging from employing multiple generations or recruiting Millennials to selling and marketing to Millennials and across generations.

Each year, The Center works with over 150 clients around the world, from car manufacturers and global hoteliers to insurance companies, hospital chains, and international software firms. The Center's team is frequently quoted in the media about the effect of generational differences on everything from shopping and parenting to work style and social media. Learn more about The Center at GenHQ.com.



RESEARCH METHODOLOGY

WP Engine and The Center for Generational Kinetics jointly led this research study. The survey was administered to 1,257 U.S. respondents ages 14-59, including a 250-person oversample of Gen Z ages 14-21.

Gen Z is defined as those born from 1996 and after, Millennials are defined as those born between 1977 and 1995, Gen X is defined as those born between 1965 and 1976, and Baby Boomers are defined as those born between 1946 and 1964. The sample was weighted to the current census data for age, gender, and region.

The survey was conducted online from July 28, 2017 to August 10, 2017 and has a margin of error of +/-2.8 percentage points.

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