GENERATION Z

Understanding the digital lives of India’s young mobile users

An Ericsson Consumer Insight Summary Report
October 2012
Ericsson ConsumerLab has more than 15 years’ experience of studying people’s behaviors and values, including the way they act and think about ICT products and services. Ericsson ConsumerLab provides unique insights on market and consumer trends.

Ericsson ConsumerLab gains its knowledge through a global consumer research program based on interviews with 100,000 individuals each year, in more than 40 countries and 15 megacities – statistically representing the views of 1.1 billion people.

Both quantitative and qualitative methods are used, and hundreds of hours are spent with consumers from different cultures.

To be close to the market and consumers, Ericsson ConsumerLab has analysts in all regions where Ericsson is present, which gives a thorough global understanding of the ICT market and business models.

All ConsumerLab reports can be found at: www.ericsson.com/consumerlab

Permission of a parent, guardian or other person on whom the parent has conferred responsibility for the child was obtained before the child was approached for an interview. Parents were present during the interviews with 9-11 year olds.
According to industry estimates, India has roughly 200 million children under the age of 18, and 69 million of them reside in urban areas. These young people have a very different childhood to the one their parents experienced. According to this ConsumerLab study, 40% of urban children from metropolitan towns regularly dine out at expensive restaurants and 23 percent use their parents’ credit cards to buy new things. This is Generation Z. Different sources define Generation Z according to varying dates, but for the purpose of this report we will define them as those who were born between 1994 and 2004. For many of them life is all about shopping, seeking comfort and materialism. They are both ambitious and competitive in nature.

While Generations X and Y (those born between 1965 and 1979, and 1980 and 1995, respectively) have watched the digital revolution unfold before their eyes, Generation Z has never known anything else. It is therefore surprising that Generation Z is often overlooked in communications research reports. This report uncovers the very specific needs of this Generation and finds that most 9-11 year olds are highly likely to explore new technology – in fact by the time they are 18, it is already a major part of their lives.

**KEY FINDINGS**

- Connectivity forms part of Generation Z’s digital lives from an early age – mobile phones are indispensable among Generation Z. 30 million personally own a handset and 11 million share one with other household members.

- Kids and tweens are beginning to mirror their older counterparts’ usage – 21 percent of kids and tweens show usage patterns similar to 16-18 year olds.

- Family dynamics need to be considered when it comes to mobile broadband – parents using mobile broadband are more likely to introduce their children to the technology earlier.

- Parents wish to have more control – they would like mutually beneficial plans and services that enable security, monitoring and control of their children’s communication activities.

- Generation Z understands what constitutes a good mobile experience – factors such as network availability, competitive tariffs, service & support and mobile internet speeds have a positive effect on how they perceive telecom services.

- Young people want to be engaged through a social form of customer care – Generation Z turns to social media first to complain or share a bad experience.
Generation Z owns more gadgets than an entire family would have a generation ago, with 2 in 5 of those studied having more than five devices in their bedroom. What’s more, kids today are spending a greater amount of time on these devices. Figure 2 shows that Generation Z spends half of its waking life using mobile phones, watching TV and gaming.

The amount of time which Generation Z spends using mobile phones per day has already begun to overtake the amount of time they spend watching TV. In fact, children are more likely to use mobile phones before school than watch TV. 58 percent of Generation Z is now willing to give up watching TV to use internet on a mobile phone.

Adoption of smartphones is also increasing within this age group, with 7 percent of Generation Z owning a smartphone today. Of these, 20 percent are under 11 years of age.

Pocket money in India is increasing and the average monthly allowance for children aged 9-18 in urban areas is INR 2,253. However, some teenagers get significantly more, with 1 in 4 of the upper quartile receiving up to INR 4,000. Of this allowance, eight percent is spent on mobile phone-related costs, while four percent goes on gadgets.
Figure 3 shows the amount of internet time Generation Z spends across all devices. For 26 percent, almost all of their internet time is on the mobile phone. While it’s believed that small towns will drive mobile-only internet usage, Figure 4 indicates that megacities such as Delhi, Bangalore and Mumbai collectively share 45 percent of all Generation Z mobile-only internet users. Children are acquiring phones quicker than they are getting PCs or laptops – while 79 percent of children in the survey personally own mobile phones, only 10 percent have PCs at home. With PCs often located in a common room, the need for personal connectivity away from the watchful eyes of parents is what makes mobile phones the preferred means to access the internet.

Younger kids mirror teens

Even the youngest members of Generation Z show advanced behavior in their internet use. Teens are most likely to explore new services and use them more frequently. However, a growing number of kids and tweens are setting the trend amongst their peers and mirroring their older counterparts’ usage. In fact, kids and tweens are more likely than teens to stream videos on YouTube at least once a week.

These explorative kids are now getting onto Facebook at an earlier age. 80 percent of 9-11 year olds involved in this study are already on social networking sites, whereas many teenagers said that they had signed up to social media later, at around 12 years of age. A majority of these kids were not even aware of any age limitations to sign up on Facebook.

9-11 year old kids now spend 1 hour 7 minutes daily on Facebook, of which 40 minutes are spent on a mobile phone. They are also moving beyond social media and chat, with some downloading apps and using maps and navigation. A small number have even begun to check out shopping deals via mobile phones.

Mobile devices have become an important utility for parents, who have started to use their phones to entertain their children. A growing number of parents are exposing kids to apps at an early age. 26 percent of those studied were downloading a phone app for their kids at least weekly. Younger parents are more likely to display such behavior.

When it comes to chat and social media, those members of Generation Z who hail from small towns are now starting to catch up with the mobile internet usage seen in metropolitan cities. However, usage of more advanced services such as apps, maps and navigation, Twitter and online shopping is being driven by Generation Z mobile internet users from the bigger cities.

Mobile broadband take-up influenced by family

Broadband usage behavior develops at a young age and is influenced by family members. Those children in households where parents use mobile broadband are more likely to use it themselves from a young age. 3 million Indian mobile broadband users are under 18. A further 3 million of Generation Z in urban areas own 3G-capable handsets but have not activated the service. However, there is strong interest in mobile broadband, with 35 percent of those that do not have the technology claiming that they will switch to it in the next 3 months. Of these, most are likely to be teens from the top four cities across India.
Many parents set ground rules for their children's device usage, such as a mobile phone curfew, allowing themselves access to their kid’s phones and ensuring that factors such as sleep and homework come before online socialization.

However, in this new digital age, ensuring adherence to these ground rules is a challenge, especially as parents simply do not have time to monitor and engage with kids across all communication mediums.

Only one third of parents are able to keep track of their children’s communications activities. Even fewer claim to regularly check browser history. To further compound this lack of control, many children know how to hide their online activities from their parents.

A growing number of parents monitor their children's SMS conversations but 30 percent of 9-18 year olds use a privacy screen to prevent others from seeing their phone. When asked whether they would be willing to have their mobile usage monitored, half of kids agreed that they would be willing to install a mobile app enabling their parents to do this. Those members of Generation Z from big metropolitan cities were more against such monitoring.

Figure 5 shows which services parents require in order to manage and monitor their children's mobile and internet usage.

In order to keep up with the generation gap, parents are becoming more savvy in mobile media. Nearly half of parents interviewed said that they follow new products on the market, so they understand the technology their children use.

The needs of Generation Z

In the qualitative part of the study, children highlighted signal bars as a way of understanding what they could and could not do. They understood, for example, that signal bars are related to dropped calls or the ability to send SMS. Other factors that influence how they perceive telecom services include competitive tariffs, service and support and mobile internet speeds, rather than branding and advertising or freebies. Figure 6 shows the importance of some of these factors.
Only one in five of Generation Z has changed operator since they first got a mobile phone. This suggests high brand loyalty in the group. 64 percent say they would recommend their service provider. However, this leaves 32 percent that are indifferent and the remainder are just not satisfied with their operators.

Figure 7 breaks Generation Z down into life stages and shows that each group has very specific needs.

**Generation Z wants social media to evolve**

There is a growing demand among Generation Z for greater integration of customer care with social networks. Doing this will require a new type of service – a kind of social customer care. Most already go online to seek recommendations before buying a new service or plan.

A majority go online to voice their opinions, while 77 percent use social networking specifically for venting their frustration about poor service. This leads them to expect an instant resolution of their issues and queries and constant feedback via social media.

As part of social customer care, Generation Z would like to be able to use social media to:

- Track grievances and receive prompt customer service
- Give feedback and suggestions on services
- Gain loyalty rewards
- Find out about new services and plans

**Preparing for the future**

Generation Z’s needs cannot be ignored – these people are tomorrow’s adults and their communication patterns are indicative of future demands.

As Generation Z grow up and their behavior becomes commonplace, new technologies will emerge that will further advance social interaction and enable our lives to be connected in new and exciting ways. By studying their behavior, we not only understand the needs of this generation, but also the needs of tomorrow.
Ericsson is the world’s leading provider of communications technology and services. We are enabling the Networked Society with efficient real-time solutions that allow us all to study, work and live our lives more freely, in sustainable societies around the world.

Our offering comprises services, software and infrastructure within Information and Communications Technology for telecom operators and other industries. Today more than 40 percent of the world’s mobile traffic goes through Ericsson networks and we support customers’ networks servicing more than 2.5 billion subscribers.

We operate in 180 countries and employ more than 100,000 people. Founded in 1876, Ericsson is headquartered in Stockholm, Sweden. In 2011 the company had revenues of SEK 226.9 billion (USD 35.0 billion). Ericsson is listed on NASDAQ OMX, Stockholm and NASDAQ, New York stock exchanges.