21st Century themes: Generation C

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Whoever invented the terms Baby Boomers, Generation X, Generation Y, Millennials and the iGeneration were referring to groups of people by the years of their birth. Just to confuse everyone, someone has come up with the term Generation C to label the growing number of people who use mobile technology. While the expression is non sequitur and is often interchangeable with Millennials anyway, the term helps highlight how connected people of all ages are poised to transform consumer technology and other sectors throughout the 21st century.

Generation C encompasses more than just Millennials (often known as Generation Y), those aged between 20 and 34 who are comfortable with technology, or the younger iGeneration, those aged below 20 who were born into an internet world. For about 35% of Generation C are older than 35; these being people from Generation X (35 to 49), the Baby Boomers (50 to 69) and the Silent or Greatest Generation (70 and over). As these groups age and Generation C swells, the demand for connectivity will rise to such an extent that a disruptive trend will turn into a lasting demographic shift that is commercial and investible.

It's easy to see how tech-dependent are Generation C. Anecdotal research suggests that 91% of them sleep next to their smartphones.[1] When awake, in the US, around a third use apps while shopping to find better deals, while almost half make a habit of "showrooming", which means they browse around shops before comparing prices online, often while still in the store. These connected consumers pushed the retail e-commerce market to almost US$24 trillion (A$30 trillion) in 2015.[2] Amazon remains a winner, reaping just under US$89 billion of revenue from 270 million active accounts in 2014, while PayPal processed US$228 billion last year.[3] The draw of online retail is often user-generated reviews on social media. Generation C surprisingly considers such reviews more trustworthy than professional opinion and retailers must adapt, not only through smart marketing but by listening to consumers. Because about 85% of Generation C relies on peer approval when buying, companies find it almost essential to build up goodwill within social networks. Brands such as L'Oréal take time to stimulate public conversations over Facebook, while innovating through its "Makeup Genius" interactive mirror app that allows consumers to "try" the products, share their opinions and, hopefully, link to platforms to buy online.

YouTube is another medium companies much consider. With 128 million active users in the US alone and 300 hours of user-generated content uploaded every minute, YouTube appeals to Generation C so much that Google calls them "The YouTube Generation".[4] YouTube stars can build up millions of followers and billions of views through the strength of their personality and their social network niche – whether it be gaming, fashion, make-up or life advice. These celebrities are capitalising on their fan bases to generate advertising revenue and many companies have positioned their brands and products with these trusted voices. While cosmetic brands struggle to get views on their own channels, Michelle Phan's makeup tutorials have over seven million followers and there is a waiting list for her "Glam Bags" startup. Smart brands are increasingly partnering with these YouTube personalities, and US-based Phan now has her own line of L'Oréal products.

As the rules of e-commerce evolve, connected consumers are demanding increased flexibility and servicing. Amazon, for example, has responded by supplying "Prime" faster delivery services and pick-up lockers in stations and supermarkets. Bricks-and-mortar retailers such as Home Retail of the UK are following suit with collection options from local Argos stores. This growing "online-to-offline" or O2O model suits Generation C as it combines access to reviews and price

comparison with immediate collection and convenience. In China, the O2O model streamlines the consumer experience further through integrated one-stop platforms such as Alibaba.

The shift towards the instantaneous consumption patterns of Generation C has had an effect on the business models used in a number of industries. New media consumption patterns have transformed the entertainment industry, moving from traditional broadcast to time-shifted television, and from an ownership to access model through platforms such as Netflix and Spotify. As comfort grows with these models of consumption, they are spreading to disrupt other traditionally physical industries.

Millennials everywhere
The growth of Generation C is supported by the spread of mobile internet across emerging markets. Coming off a low base, the number of mobile broadband connections in developing countries overtook the developed world in 2013, pointing to a demographic change that companies will build into their long-term strategies.

Mobile networks in the emerging world (such as Safaricom, for instance) are already doing that. Safaricom dominates the Kenyan market (population about 45 million) with M-Pesa, a mobile phone-based money transfer and microfinancing service that processes over US$15 billion of payments each year, equivalent to around one-third of Kenyan GDP.[5]
In the app war that is taking place across the emerging and developed world, only the most useful and well-designed survive. CityMapper of the US combines real-time information to find the cheapest, fastest and easiest method of public or private transport based on user requirements, while Uber turns any driver with a smartphone into a cheap, app-accessible taxi. In China, Tencent's "Didi Dache" taxi app merged this year with Alibaba's "KuaiDi Dache" to take almost 100% market share and become the world's largest smartphone transport service globally.

A look at any industry generally throws up changes to business models driven by connectivity. The auto industry is increasingly adapting to the needs of Generation C, partly thanks to the rapid growth of the internet of things. Cross-sector partnerships combine capabilities and expertise; BMW is fitting cars with Samsung tablet computers so passengers stay connected while controlling "comfort functions" from inside the car.

Healthcare is being changed by more health-conscious Millennials in the developed world. In March this year, Apple launched ResearchKit, an open-source software framework designed for medical and health research, which turns any willing iPhone user into a research subject. The first research study on asthma for the Mount Sinai Medical Center in the US saw the app downloaded 50,000 times, with 5,000 patients involved in the first 72 hours alone.[6] Similarly, innovations from AstraZeneca of the UK allow cancer patients to monitor antigen levels from a smartphone app. This level of connectivity allows for the rapid collection of medical data to accelerate the drug discovery process.
i or Z?
Just as business is getting to grips with the Millennials of Generation C, the iGeneration (sometimes called Generation Z) is hitting the workforce. Already the largest generation in the US, making up over a quarter of the population, they will expand Generation C to over 60% of the global population by 2030. Born post-internet, with no experience of a world without connectivity, they are even more connected than the Millennials. In the US, research finds that 92% of the iGeneration uses mobile internet daily, while a quarter of it is online almost constantly.[7]
The iGeneration takes high bandwidth for granted and prefers short-burst but rich content. Smartwatches, the next generation of connected devices, eliminate the five to 10 seconds it

takes to go from a locked phone to entering an app, saving an estimated 20 minutes per day. The result is 300 "digital sessions" per day compared with 120 for the average smartphone user.

Smartwatches will help bridge the gap from digital to physical, enabling contactless payment, key-less entry and faster messaging. Though price is likely to be an issue in determining market size, cheaper Android-based models such as the Samsung Gear and the Huawei Watch are already gaining attention.

With the iGeneration measurably more at ease interacting online than offline, companies that take the time to build up a solid social network around their products will see the benefits compounded. China's Tencent has grown the active user base of its WeChat messaging app to half a billion per month.

As Generation C matures, the importance of social networking is not limited to discretionary brands. The internet of things allows homeowners to remotely monitor and adjust energy usage through apps from providers like General Electric. Social apps such as OPower, a partner with Facebook, allow users to share and compare energy use.

Companies are accepting the place of social media in the workplace. About 56% of Millennials in the US, for instance, use social media at work.[8] While some studies show "cyber loafing" lowers performance, the interaction can stimulate creativity and inspire workers. Facebook began 2015 by piloting its internal "Facebook at work" app with selected partners, while workplace social networking services are gaining traction. Microsoft bought Yammer for US$1.2 billion to integrate into "Office 365" and team communication tool Slack was valued at US$2.8 billion in March this year thanks to funding from supporters like Google Ventures.

What's obvious is that companies must take notice of how Generation C is swelling. Investors too will need to pay heed to disruptive industry changes, technological innovations and changes in the consumer landscape to identify the companies best placed to benefit.

Connected consumers can come from any generation
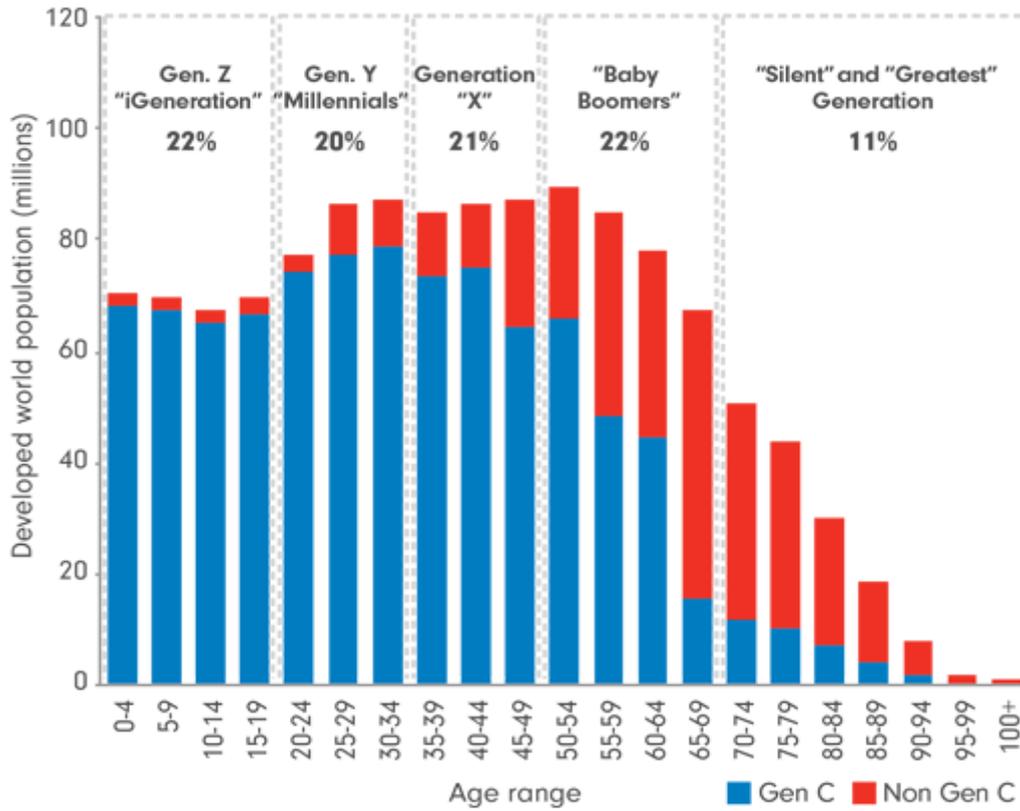
Source: Age data: UN Population Prospects 2012 Revision. UN "Developed" region definition comprises Europe, Northern America, Australia/New Zealand and Japan. "Generation C" estimated by percentage of each age group as heavy mobile internet users in Office for National Statistics "Internet Access - Households and Individuals 2014"