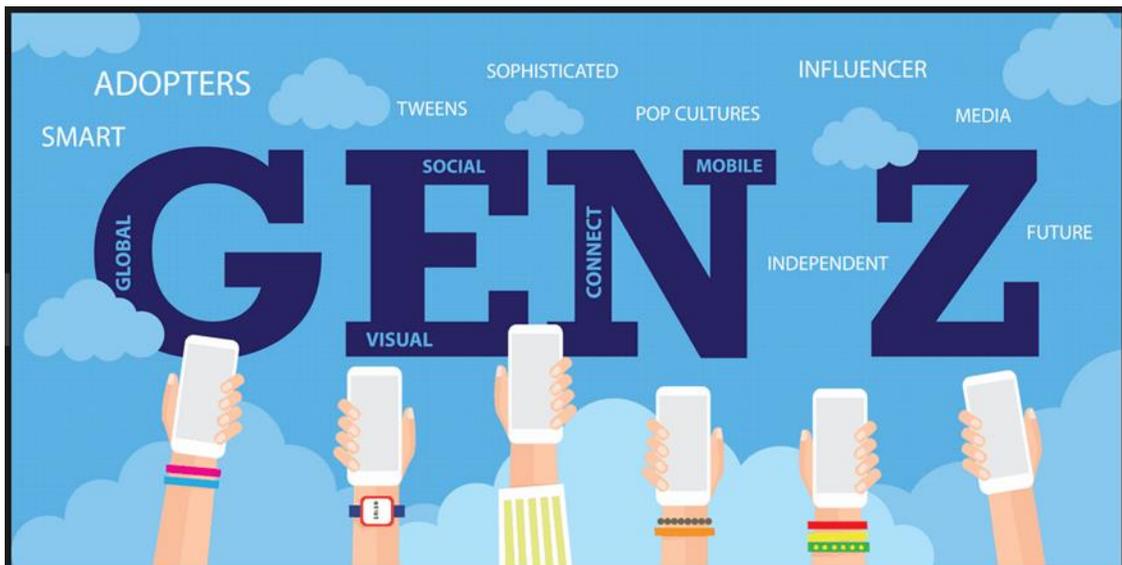




INFORMATION PAPER ON GENERATION Z AND INSURANCE

DECEMBER 2021



ASSOCIATION OF KENYA INSURERS

P. O. Box 45388-00100, Nairobi
AKI Centre, Mimosa Rd, Mucai drive, Off Ngong Rd
Tel: +254 709 640 000
Email: info@akinsure.com
Website: www.akinsure.or.ke

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1.0 PREAMBLE

Insurers' future success depends heavily on their ability to attract future generations, create a foundation and build loyalty to provide insurance coverage throughout their lifetime.

Generation Z demographic is maturing and has started entering the workforce and spending money on products, services, and solutions. How can the insurance industry get ready for them as customers and employees?

This paper will seek to understand Generation Z and how their attitudes, interests, and opinions influence purchasing decisions (including insurance purchases).

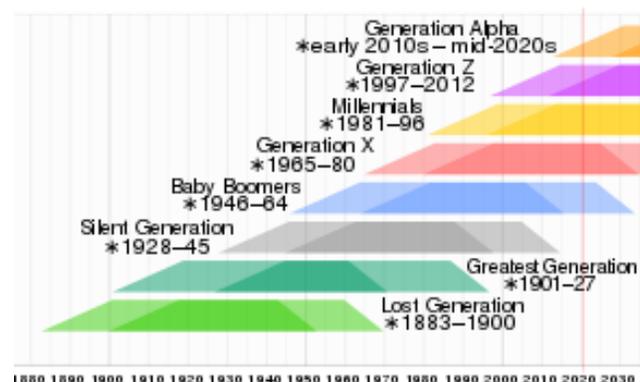
In 2016, AKI gathered information from different sources and developed an information paper on Generation Y (Millennials) to help insurers understand them and deliver appropriate products and services.

Millennials continue to present a great opportunity to the insurance industry as they continue climbing the income ladder and increasing their long-term insurance purchasing power.

2.0 WHO IS GENERATION Z?

Generation Z abbreviated Gen Z comprises people born approximately between the years 1997 and 2011, aged approximately between 10 and 24 years. They are mainly children of Generation X (born 1965 – 1980).

They have been dubbed post-millennials, zoomers, digital natives, Net Gen, homeland generation, IGeneration, neo-digital natives, pluralist generation, internet generation, centennials, True Gen, etc.; due to



different formative experiences such as new technological developments and socioeconomic trends.

They are the first generation to grow up with the internet, portable digital technology and social media.

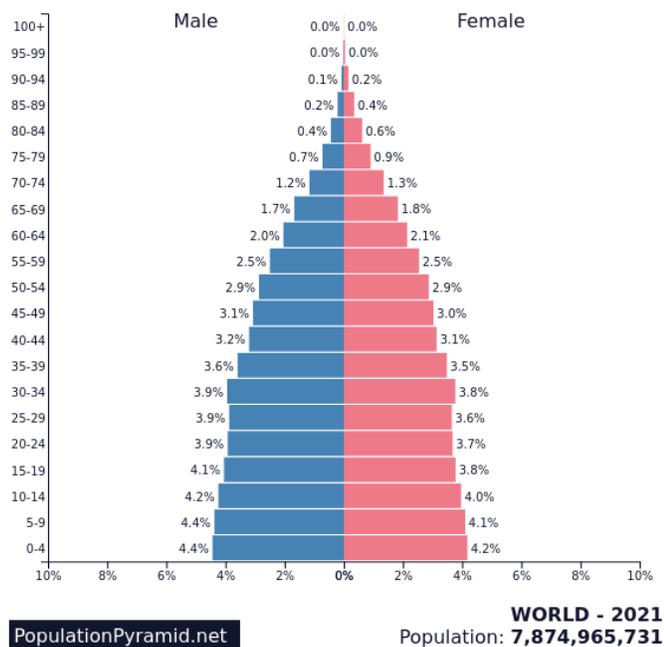
3.0 GENERATION Z POPULATION STATISTICS

3.1 World Population

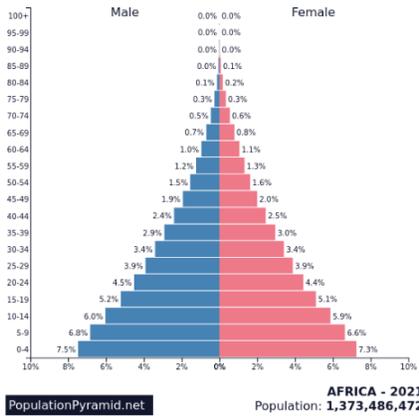
According to the United Nations estimates (<https://www.populationpyramid.net/>), the current world population in 2021 is 7,874,965,731.

Gen Z those born in 1997 to 2011 aged 10 to 24 years are currently the most populous generation in the world with 1,861,643,846 inhabitants representing 23.64% surpassing millennials (born in 1982 to 1996, aged 25 to 39 years) with 1,756,956,343 inhabitants representing 22.31%.

63.04% of people in the world are aged 39 years and below.



3.2 African Population



Africa’s population is estimated at 1,373,486,472.

Generation Z is currently the largest generation in Africa with 428,514,686 inhabitants making up 31.20%.

Millennials are 281,467,270 representing 20.49%. Both generations make up 51.69%.

79.90% of Africans are aged 39 years and below. The world's youngest countries by median age are in Africa.

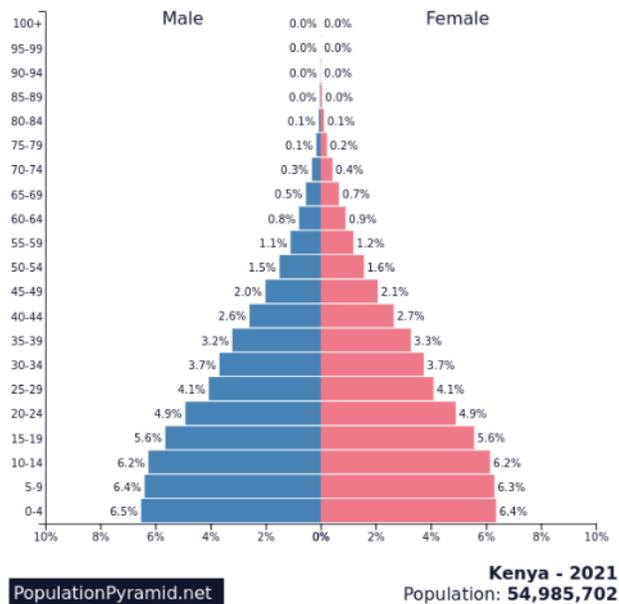
3.3 Kenyan Population

Kenya's population is estimated at 54,985,702.

Generation Z is the most populous with 18,378,493 inhabitants representing 33.42%.

Millennials are 12,123,453 representing 22.05%. Both generations make up 55.47%.

81.06% of Kenyans are aged 39 years and below.



4.0 CHARACTERISTICS OF GENERATION Z

Generation Z and Millennials have a lot of similarities in their characteristics, but their formative years have been shaped by different worlds, resulting in differences in attitudes, interests and opinions.

Gen Z is now joining the workforce and are disrupting the workplace. As consumers, they are becoming more influential as their buying power and disposable income rapidly increases thus unsettling brand and business strategies.

Understanding the character of Generation Z is critical for any insurer in transforming the organizational strategy to reach and engage them as workers and at the same time inform product development and distribution for their consumption.

4.1 Digital natives

Gen Z are technologically savvy as they have grown up using digital technology as an integral part of their personal, social, and educational lives. They are the first to have never known life without the internet or social media. They think, learn, and understand the world differently compared to people who have not been as exposed to modern technology. These individuals can quickly and comfortably consume digital information via devices and platforms such as computers, mobile phones, and social media. A smartphone has been the first personal mobile phone for most of them. These devices are used for both entertainment and educational purposes.



They can use digital technology to monitor and manage their learning, think critically and creatively, solve simulated real-world problems, collaborate, make ethical decisions, and adopt a global perspective on issues and ideas. They expect their workplace to be up to date on the most recent technological advances and yearn for seamless and fast online experiences.

4.2 Connected - social media

Gen Z social media usage is on the rise and is expected to be a huge trend driver across the social media landscape.

According to Global Web Index, Gen Z currently tops the list in daily activity on social media. Many are moving away from platforms like Facebook in favor of multimedia-heavy/video content sites such as YouTube, Instagram, Snapchat and TikTok.



The Kenyan Social Media Landscape: Trends and Emerging Narratives, 2020 report by SIMElab Africa shows that compared to other age groups, Gen Z usage is highest on Instagram, Snapchat, and TikTok.

Gen Z are looking for opportunities to be creative, experiment and express themselves. According to a Pew Research Center study, published in April 2021, the striking short-form viral videos and images of Instagram, Snapchat, TikTok and YouTube continue to climb in popularity with Gen Z. For one to be a "Creator" in these platforms you only need a smartphone to create a short aesthetic video.

Gen Z is consuming entertaining, authentic, and informative content. To meet engagement, awareness, and conversion goals, brands should have a video content first strategy in place.

Social media is the top source of Gen Z consumers' shopping inspiration, thus the rise in social commerce, a subset of e-commerce. Brands have expanded their selling points to social media platforms and have leveraged on algorithms to learn user preferences and provide personalized shopping experiences. Augmented reality features, chat-bots, live streams, and in-app filters have increased engagement.

4.3 Pragmatic

During their upbringing, Gen Z experienced the financial recession that occurred globally between 2007 and 2009; and are living through the COVID-19 Pandemic. They have witnessed the struggles by their parents and communities with employment and finances.



These uncertainties make them deal with things more sensibly and realistically in a way that is based on practical rather than theoretical considerations. Growing up during a period of economic upheaval has made them conservative spenders as they realize life can get difficult.

Their pragmatic character leads them to investigate and assess a variety of options before settling on a product. Furthermore, they are more likely to be swayed by real-life user recommendations (family and friends) than by celebrity or brand endorsements.

4.4 Influencers

Generation Z have been influencing community from a young age even before becoming consumers.

A study conducted by Mckinsey and Box1824, to investigate the behaviors of Generation Z and their influence on consumption patterns, found that the generational shift is transforming the consumer landscape in ways that span all socioeconomic groups and extend beyond Gen Z, impacting the entire populace.



Through connectivity and content creation capabilities coupled with their pragmatic and realistic nature, Gen Z have the unique ability to humanize a brand and create conversations, appeal and demand for products in the context of real life. Authenticity is the biggest selling point that builds trust and loyalty.

As global connectivity grows, generational shifts may become more important in shaping behavior than socioeconomic differences. Young people have become a powerful influence on people of all ages and income levels, as well as on how they consume and relate to brands.

4.5 Adept Researchers

Gen Z have access to a wealth of information that is immediately accessible to them. This makes it easy for them to learn and broaden their knowledge by using internet research resources and social networks.



As a result, they are well-informed consumers with strong decision-making capabilities, and they will often research and weigh options. They tend to be less attached to specific brands and prefer to shop around for the best deal before making a buying decision.

4.6 Global Citizens

Our daily lives have been transformed and influenced by new technology. Gen Z is the most ethnically diverse generation in history as people from different backgrounds have become more interconnected and subjected to a variety of similar influencing factors.

The world has become a vast network in which geographically separated individuals will always find ways to collaborate, live, and play together in a world made on the internet.

Gen Z makes no distinction between online and offline friends, they consider friends as family, they connect and mobilize around causes and interests. They are more interested than previous



generations in human rights, diversity, sustainability, equal opportunities, etc. They value dialogue and are open to differing points of view; they interact to extract whatever information is relevant to them.

They expect diversity and inclusion to be reflected in the content they consume by addressing their unique needs and challenges by creating authentic personalized products and experiences to capture their attention, trust, and loyalty.

They are also more likely to buy from brands that they feel are socially responsible in line with their causes and interests.

5.0 ATTRACTING & ENGAGING GENERATION Z

5.1 Provide Personalized Solutions

Gen Z typically wants information targeted to them to be personalized. They prefer online ads that are related to their browsing history or entertainment preferences.



Insurers can provide personalized customer experiences by leveraging data analytics, artificial intelligence, and automation.

Analyzed data from sensors, telematics and

other IoT devices are contributing to personalized services, tailored policies and rewards based on behavioral patterns.

Gen Z understands the rationale behind data protection, data privacy and the value of data thus they are willing to share but expect something in return.

Artificial intelligence and automation through machine learning and blockchain technology is constantly evolving based on brand preferences and content performance and thus instrumental in improving performance and forecasting customer behavior including fraud detection and prevention.

The goal should be to deliver a high-tech, high-touch customer journey tailored to understanding and meeting their unique needs.

5.2 Visual Engagement

To engage Gen Z consumers, insurers should use a variety of interactive video types. Short entertaining, informed and engaging videos have risen in popularity mainly on Instagram, Snapchat, TikTok and YouTube. They have become an effective and important way for brands to communicate with consumers.

The short videos provide an opportunity for insurers to express their creativity and bring their brand to life through product demonstrations and FAQ videos, promotional videos, explainer videos, customer testimonials videos and company culture videos. Authentic and inspiring branded content attracts, influences and converts consumers. The videos also empower consumers to make online purchases.



5.5 Corporate Social Responsibility

Gen Z are attracted to businesses that are socially responsible.

Gen Z are global citizens, and they connect and mobilize around causes and interests. They want to associate with socially responsible employers and brands.



Purchase decisions are driven by authenticity and people choose brands that represent more than just a product and they are drawn to brands that support social causes. An example in the insurance sector is Lemonade which has made simplicity, transparency and overcoming conflicts of interest a significant pillar by

donating leftover premiums to charities that customers select making insurance loveable earning them 4.9 stars in the App store.

More transparency is required to reach Generation Z. Brands will have to open up to the world in order to show who they are and what they believe.

5.6 Agile Working

To attract Gen Z employees, employers need to embrace flexibility and agility. Insurers should transition to agile ways of working by creating an environment where Gen Z employees can thrive.

Changing expectations and uncertainties have led to unprecedented changes like remote working and learning, online purchases, increased digital media consumption, and virtual engagement.

Agile is a systemic method of working that enables innovation through collaboration and iterative experimentation, enabling quick response to market changes and consumer demands.



Gen Z is a social generation, comfortable with technology prioritizing socialization and teamwork. Companies need to invest in innovative technology and create a culture of collaboration to boost employee engagement and increase productivity. The best solution is to invest in a single platform that allows you to send instant messages, make video calls, and share files all from one location.

Gen Z wants continuous feedback. They have been accustomed to immediate feedback through likes and comments online.

Gen Z prioritizes flexible and remote work conditions also influenced by the rise of the gig economy. Collaborative technologies have enabled remote access environments that seamlessly integrate with current work processes leading to increased productivity and reduced costs.

According to research by McKinsey & Company, the most significant barriers to and enablers of successful agile transformations are leadership and how leadership shapes culture.

6.0 CONCLUSION

Gen Z is on its way to becoming the largest consumer group and the largest workforce. This generation has never known life without social media and digital technologies and are true digital natives. Their attitudes, interests and opinions differ from other generations and thus their needs and expectations.

Their behavior and attitudes towards work and consumption are influencing all generations and thus companies need to shift their business model strategies to meet the evolving needs of this new demographic.

Their influence is expected to increase rapidly due to their numbers and as their economic power grows.

There is a need for frequent learning and research about this generation as they continue to come of age and evolve, as brands will need to reimagine the entire customer journey on the digital environment with new tools and technologies to provide the best experience possible to their customers.

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