GEN Z EXPECTS ADVERTISING TO BE PURPOSE-DRIVEN, UNOBTRUSIVE AND ENTERTAINING ACCORDING TO NEW NCSOLUTIONS ANALYSIS

- 58% of this younger generation doesn't like advertisements that interrupt content
- Gen Z households spend an average of 12% more on CPG purchases than non-Gen Z households
- 27% of Gen Z are loyal to brands when the brand's mission aligns with their own beliefs
- 72% of Gen Z are most receptive to experiencing ads in their social media feeds

NEW YORK, May 4, 2023 /PRNewswire/ -- Nearly six in 10 members (58%) of Gen Z don't like advertising that interrupts the content they're enjoying, compared to 38% of baby boomers. At the same time, more than half of Gen Zers (52%) say they'll engage with creative and entertaining ads, contrasted with 42% of boomers. These findings are from a new consumer sentiment survey commissioned by NCSolutions (NCS), the leading company for improving advertising effectiveness for the consumer packaged goods (CPG) ecosystem.

Generation Z (sometimes called zoomers), born between 1997 and 2012, is now flowing into the workforce and represents significant spending power in the CPG marketplace. Gen Z households spend an average of 12% more on consumer packaged goods than all other households, according to NCS purchase data.

The new data and analysis provide an in-depth look at this generation, the first to be digitally native, and what drives their brand loyalty, including shopping and advertising preferences. The study also contrasted this generation to older generations to understand differences.

A social and sustainable mindset drives brand loyalty

Gen Zers prefer brands whose missions align with their values and are more willing to support and be loyal to purpose-driven brands. Thirty percent of Gen Zers value brands that prioritize the environment, compared with 15% of baby boomers. Twenty-seven percent of Gen Z will stay with brands that use sustainable packaging compared with 18% of baby boomers.

As a result, Gen Z is less concerned than other generations about being loyal to brands that provide the best quality or value for their budgets. For instance, fewer Gen Zers (59%) find the quality of a brand important, compared to 75% of boomers. Although 79% of boomers believe value is important, just 68% of Gen Zers say it's important to them.

"Gen Z undoubtedly will raise the bar for CPG brands, as they differ from older generations in some meaningful ways," said Alan Miles, CEO, NCSolutions. "Having grown up with – not alongside – the internet, they are used to having instant access to information, products and services. They bring to the marketplace a fully informed and defined point of view about advertising and brands."

"That presents both an opportunity and a risk for brands, which is why we conducted this analysis," said Miles. "The findings will support brands as they consider how best to connect with and build relationships with this generational force."

Unobtrusive, funny and social ads connect

More than other generations, Gen Z is most engaged when advertising is humorous or entertaining. Almost six in 10 (58%) dislike ads interrupting their content. More than half (52%) prefer creative and entertaining advertising, while only 42% of baby boomers, 44% of millennials and 40% of Generation X agree.

Brands that tickle the funny bone are more likely to capture Gen Z's attention. Forty-three percent say they prefer ads to be humorous. Ads with a social message also resonate well with Gen Z; 17% like ads when they are aligned with the social messaging of the ad compared with 6% of baby boomers.

The Social Sway

Zoomers are most receptive to advertising that appears in social media feeds, much more so than ads that appear on either cable TV or broadcast television. Nearly three in four Gen Zers (72%) say they're open to seeing ads in their newsfeeds, compared to 28% who say they're receptive to ads on cable TV and 20% who say they're open to broadcast TV advertising.

By contrast, just 19% of baby boomers are more receptive to ads on social media, compared to 58% who say they're receptive to broadcast TV advertising and 45% to cable TV ads.

"The economic impact Gen Z will have in the coming years makes understanding what makes this generation

tick particularly significant for brands' long-term marketing strategies," said Miles. "The purpose-driven mindset and significance of social media in the lives of zoomers are notable differences."

Zoomers Love Convenience

The analysis also found the youngest generation values convenience in several different ways. Fifty-five percent of Gen Z keep frozen meals on hand compared to 49% of older generations. Twenty-two percent of Gen Z shop for food items at convenience stores, and 18% look for food products in drug stores. At the same time, only 8% of Gen X shop for food at a convenience store and 6% seek food products at a drugstore.

The convenience factor also applies to eating patterns for Gen Z. Over half (51%) are frequent snackers compared with 42% of baby boomers. One-fifth are meal planners, while 34% of baby boomers plan weekly meals.

"Creative executions and advertising platforms that worked for previous generations may not drive the same sales impact for Gen Z consumers," said Miles. "Marketers will need to test, measure and learn to understand what messages, platforms and creative work best for their brand. Although zoomers have a different set of expectations than previous generations, the fundamentals of effective advertising remain the same."

NCS has prepared a full report covering the survey findings in greater depth, including additional research and analysis. It highlights Gen Z's preferences for convenience products and services as well as how purchase decisions are motivated by social media influencers. The report is available for download.

About the NCS Consumer Sentiment Survey

The online survey of 2,186 was made up of adults who were 18 or older and fielded in February 2023. Half of the respondents are from Gen Z, with the other half split among baby boomers, Generation X and millennials. Responses in this survey were weighted by location, education, income and other demographics to be representative of the overall U.S. population.

About the NCS Purchase Data

NCS provides purchase insights to brands to help them optimize, measure and enable sales-based outcomes. NCS's representative and balanced consumer CPG purchase data set consist of the industry's preeminent and comprehensive sources. It includes actual purchase data (transaction information) from big-box retailers, supermarkets, drug stores, convenience stores and other retail channels, including online and receipt capture, at which American households buy CPG products spanning 340+ grocery categories. The NCSolutions Purchase Data was analyzed in February 2023.

About NCS

NCSolutions (NCS) makes advertising work better. Our unrivaled data resources powered by leading providers combine with scientific rigor and leading-edge technology to empower the CPG ecosystem to create and deliver more effective advertising. With NCS's proven approach, brands are achieving continuous optimization everywhere ads appear through purchase-based audience targeting and sales measurement solutions that have impacted over \$25 billion in media spend for our customers. NCS is headquartered in New York City. Visit us at ncsolutions.com to learn more.

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