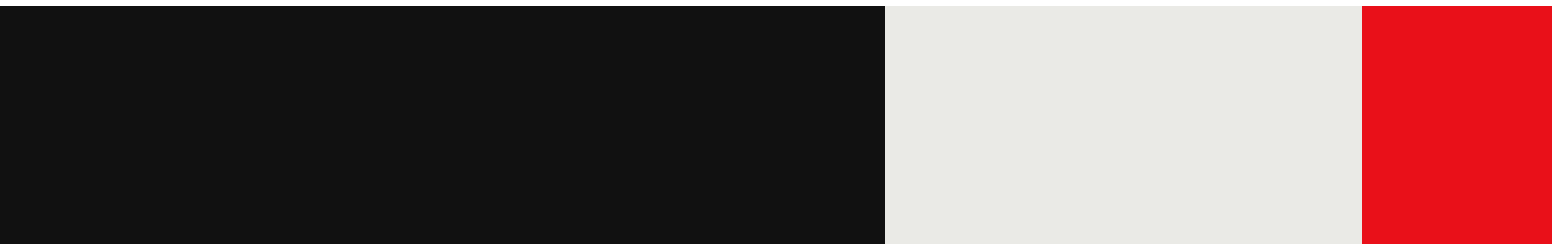


The Daily: How Gen Z uses media, the LGBTQ+ consumer, and US Hispanics representation in ad budgets

Audio



On today's podcast episode, we discuss what it's like to grow up with artificial intelligence, where Gen Z are spending most of their media time, and how best to target these young folks with ads. "In Other News," we talk about the LGBTQ+ consumer and how represented US Hispanic consumers are in ad budgets. Tune in to the discussion with our analyst Paola Flores-Marquez.

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Episode Transcript:

Paola Flores-Marquez (00:00):

One of the most interesting aspects of it today or this year, is that it's so deeply intertwined with social consumption as well. Video is their primary activity, but they kind of rely on social algorithms to tell them what to watch.

Marcus Johnson (00:23):

Hey, gang, it's Tuesday, July 2nd. Paola and listeners, welcome to the Behind the Numbers Daily, an eMarketers podcast. I'm Marcus. Today, I'm joined by our demographics analyst, typically based in New York City. It's Paola Flores-Marquez.

Paola Flores-Marquez (00:38):

Hi, Marcus. Thanks for having me back.

Marcus Johnson (00:40):

Hello, there. Of course. Welcome back to the show. Today, we're talking about young people, and their media habits, and growing up in the age of artificial intelligence, but we'll start with today's fact. Paola, chopsticks were initially invented or used for cooking. According to History.com, the Chinese have been using them since at least 1200 BC, and by 500 AD, they had swept across the Asian continent from Vietnam to Japan.

(01:09):

The reason they used them for cooking was because they were capable of reaching deep into boiling pots of water or oil, and early chopsticks we use mainly for cooking. I think they were thought initially just to be like twigs, basically. Then they were developed and whittled down into more useful utensils. Yeah, they started using them in 400 AD. This happened when the population boom across China sapped resources and forced cooks to develop cost saving habits. They began chopping food into smaller pieces that required less cooking fuel, and happened to be perfect for the tweezer-light grip of chopsticks.

Paola Flores-Marquez (01:41):

That's wonderful. Thank you for sharing that.

Marcus Johnson (01:43):

Yeah, I had to, because-

Paola Flores-Marquez (01:45):

Part of the show.

Marcus Johnson (01:47):

Yeah, five years ago, I thought it would be a good idea, and...

Paola Flores-Marquez (01:49):

Well, I feel blessed.

Marcus Johnson (01:50):

... I'm now compelled to every episode. I appreciate that.

Paola Flores-Marquez (01:53):

Happy to be part of this tradition.

Marcus Johnson (01:54):

That makes one person. Anyway, today's real topic, Gen Z's media habits and growing up with AI. In today's episode, first in the league, we'll cover Gen Z and media. Then for another news, we'll discuss the LGBTQ+ consumer, and US Hispanic representation in ads. We start, of course, with the lead. Let's start with AI. AI is quickly becoming a regular part of children's lives. What happens next? This was a question from Karen Mimms-Nice of the Atlantic.

(02:29):

In the piece titled A Generation of AI Guinea Pigs, the Generation in Question, the one she's talking about is Gen Alpha, so really young people, people under the age of 12. She explains that the LA Los Angeles Unified School District, the second-largest public school district in the US, introduced students and parents to a new educational friend named Ed, which is a learning platform that includes a chatbot represented by a small illustration of a smiling sun.

(02:55):

The chatbot is being tested in a hundred schools within the district, and is accessible 24/7 via a site answering questions about children's courses, grades, and attendance, and can even point users to optional activities. The piece goes on to basically talk about the fact that kids are growing up, this is the first generation to be growing up in a world where AI, especially the younger folks in this generation, Gen Alpha, where growing up with AI is going to be the norm.

(03:21):

They're not going to know a world before it. Paola, what interests you most about kids and teens, I guess you could argue, because they are part of this conversation as well, growing up in the world of AI?

Paola Flores-Marquez (03:34):

I think what interests me the most is that for them, it's going to be instinctive, I think in the same way that we instinctively picked up social media and smartphones, and we immediately incorporated them into our daily lives with very little hurdle. I think for kids, they're just going to see it as another tool. I think many older adults, myself included, struggle to figure out how to incorporate AI into our current technological framework, but AI is the framework for them.

(03:57):

They already have it, and they've had it for a long time prior to this explosion of popularity, because so many of them have used smart speakers or other forms of AI that are already readily available. I think we're looking at, our forecast says that 12.2% of kids zero to 11, and almost a quarter of teens, 12 to 17, use smart speakers. Those numbers have always been relatively, are pretty solid, considering for that age group when you compare it to other forms of technology and media usage. It's one of the most frequently used, I think the only thing higher is probably tablets, because tablets are very much the main form of technology that kids have access to.

(04:33):

Then not in the US, but in the UK, Ofcom just put out a bunch of numbers on children's AI use and teens' AI use, and four and five online teenagers 13 to 17 are already using generative AI and services. Then a minority of children age seven to 12 are also, like 40% of children age seven to 12 are already using it. I think yeah, that's going to be, the fact that it's just already so intuitive and incorporated into their world is fascinating to me.

(05:03):

I also worry about how quickly it can turn into bullying, because within a year, when I talk about social media and how easily we took to it, within a year of us getting MySpace, we had pages built to bully people and target people for their insecurities. I think AI opens the door to a lot of that in the same way. I think it's just going to be another worry, digital worry that we have to learn how to navigate.

Marcus Johnson (05:28):

Yeah, it is interesting you said that, because in this piece, Ms. Mimms-Nice talks about, she says, "AI enables new forms of adolescent cruelty." She points to an example in March, where five students were expelled from a Beverly Hills middle school after fake nude photos of their classmates were made with generative AI.

Paola Flores-Marquez (05:44):

I also think that that awareness of how it can be used and manipulated also may make them more hypervigilant towards identifying, like in the same way that I have to, I don't know if you do, but I have to help my parents figure out what's a scam and what's not constantly, and some of the scams that they're confused about are things that I've just learned over time of having been on the internet for so long and recognize how...

(06:05):

Obviously, scammers are getting smarter, and things are getting more sophisticated, but I think there's a basic level of security knowledge that comes with growing up with this technology that this generation is probably going to be instilled with, just having engaged with it on a much smaller scale in interpersonal conflict, that will transfer over into the adulthood.

Marcus Johnson (06:23):

Yeah, and you'd imagine, expect/hope for, more AI literacy classes in schools.

Paola Flores-Marquez (06:30):

I would hope so. Fingers crossed. Yeah.

Marcus Johnson (06:31):

Yeah, yeah. There's one example, at least one example that's out there, Los Angeles Unified School District that I mentioned, they have a mandatory Digital Citizenship in the Age of AI course for students 13 and up. I'm also wondering, you mentioned the high usage of smart speakers amongst young people. I'm also wondering whether this changes how kids learn to interact with humans.

(06:52):

In the piece, Ying Xu, an education professor at the University of Michigan, thinks that even more human-like AI could further blur the lines for kids, to the point where some might start talking to other humans the way they talk to Alexa, "Rudely and bossily," she says.

Paola Flores-Marquez (07:09):

That's interesting. I've read something else in contrast to that, that was talking about how-

Marcus Johnson (07:13):

Oh, interesting.

Paola Flores-Marquez (07:14):

Yeah, how kids who grow up with smart speakers think that they're people with feelings, and so they're nice to them and they're considerate of their feelings.

Marcus Johnson (07:21):

Huh. Maybe it's just adults who speak to them, rudely and bossily, and get incredibly frustrated if they don't respond with the answer they're looking for straight away. Maybe kids are more patient in that respect, at least. Let's talk a bit about some slightly older folks, the Gen Z age group. Where are we at with Gen Z right now? What age range are we talking about?

Paola Flores-Marquez (07:43):

Gen Z in 2024 are between the ages of 12 to 27, so they're getting up there. They're approaching their thirties amongst the older ones.

Marcus Johnson (07:49):

Wow, yeah. It spans some very different milestones in life, and so it is a big age group, but it also, it is one that is incredibly diverse in terms of what they're up to, so it's going to vary quite drastically. In doing some research into this cohort, what did you find out in terms of what Gen Z's digital usage looks like by activity?

Paola Flores-Marquez (08:10):

Yeah, so yeah, they're definitely going to have a lot of very diverse day-to-day lives. I think the one thing that unifies them is video. Video remains their defining activity, but one of the most

interesting aspects of it in the today or this year is that it's so deeply intertwined with social consumption as well. Video is their primary activity, but they kind of rely on social algorithms to tell them what to watch.

(08:34):

59% of Gen Zers say they'll watch a show after hearing an online creator talk about it, according to Deloitte. Deloitte had an excellent report on it. Then about 45% of Gen Zers choose what to watch based on the content trending on their feeds, and that's according to Tubi. Yeah, I think there's this very cyclical relationship with social and video that feeds into each other.

(08:57):

They see a clip of it, and they go out searching for it, and they get interested in it, and then they take that content that they originally found on the social, and then watched offline or stream somewhere, and they turn that into fan cams, and other content, and references and jokes. It just kind of creates a loop of content.

(09:13):

The other thing that I found interesting is that VR use is picking up, so Millennials currently outnumber Gen Zers in terms of VR use, but we can expect Gen Zers to have the highest rate of VR use, almost nearly half of them, about 47.1% will be using VR regularly by 2028 according to our forecast. It's picking up speed at a much higher generation. I think part of the reason it's not picking up so quickly right now, or it's going to take a couple of years, is because they're not as financially independent.

(09:41):

There's still a whole section of them that aren't out their parents' home. Yeah, there's a fascination with these traveling to these digital worlds from the comfort of your home and being fully immersed with them. We're not just talking video games, although video games are a huge component. We're talking like concerts, or nature, or traveling to other countries from just getting that visual sort of experience instantly.

Marcus Johnson **(10:06):**

Yeah, to circle back to your first point for a second, that makes sense with the tie between digital video viewers and people discovering content on social media, because those numbers are very close in terms of the penetration of Gen Z who are doing both of those, 96% for digital video viewers and 88% for social network users, the two highest activities. Then you've got a couple of points gap before you get to digital buyers, 82% of them do that, and then you go down, podcast listeners, that's about 57% and growing.

(10:38):

Then VR users, to get to your second point, currently about 37% of the population, of that Gen Z population doing that, but growing as you said, to getting close to half in four years time. Yeah, there is a gap between some of these usages, between podcasts and VR, but podcast's expected to grow over 10 points, VR expected to grow over 10 points as well. Even though they are far behind video, social network, buying online, they are still, they're on track to get close to those percentages in the future.

Paola Flores-Marquez (11:07):

Yeah. I think Gen Z's digital activity is really impressive, considering in terms of penetration, they're set to rival of Millennials within a couple of years if they haven't already surpassed them in a lot of these platforms and activities.

(11:19):

Millennials are just so much bigger, so it's really impressive that Gen Zers, given how much smaller the generation, well, not that much smaller, but slightly smaller the generation is, and not as financially stable, are still able to engage in these activities so strongly.

Marcus Johnson (11:35):

When you said passed Millennials, were you talking about an activity in particular, or digital in general? What do you mean?

Paola Flores-Marquez (11:37):

Yeah. Gen Zers have historically always had a large presence on TikTok, but they've surpassed Millennials in terms of penetration on Instagram, which is really interesting, because Instagram is like the Millennial platform.

Marcus Johnson (11:49):

Yeah, I found that, so my next question was going to be what surprised you most from your research? This was one of the things that jumped out to me, this chart you have, showing that obviously, no one would be surprised to learn that Gen Z folks use Snapchat way more than anyone but Millennials, 52% versus 33, they're more likely to be on TikTok, 44 versus 32. Yeah, they're basically a dead heat in terms of Instagram and YouTube in terms of millennials and Gen Z who are on these platforms.

(12:15):

Facebook is the only one where Millennials are quite far ahead of Gen Zers. Yeah, I thought that was a really interesting finding, considering that we do associate Instagram and YouTube more so with the Millennial cohort than we would with Gen Z. That's no longer the case. What else jumped out to you in your research about how Gen Z used media?

Paola Flores-Marquez (12:33):

I knew iPhone usage was really high amongst Gen Z, but I didn't realize how high. 81% of Gen Zers prefer iPhones-

Marcus Johnson (12:33):

Really?

Paola Flores-Marquez (12:41):

... Which is really so high. Yeah, I just think that's fascinating, because Android's so much more accessible.

Marcus Johnson (12:47):

Yeah, that is a big sweep. I remember working on, when I was on the forecasting team, working on the numbers for which iOS Americans preferred, and at the time, this was five, six, seven years ago, it was almost a dead heat. Android, I think, was a little bit out in front, but iOS Apple was right there. Now it seems like, yeah, apple is winning this race because young people are much more inclined to purchase their devices than something else that's run on Android.

(13:14):

One other thing that jumped out to me was this chasm between the penetration of CTV versus traditional TV use among Gen Zers. Back in 2021, 70% of Gen Z folks were using, watching CTV versus 63% for traditional TV. It's a seven point gap in favor of CTV back then. Today, it's a huge gap. There's over 20 percentage points, 79 for CTV to 57 for traditional TV, and next year, the gap is widening further. I thought that was really interesting.

(13:48):

Those numbers are from our wonderful forecasting team, looking at which generations are on social media, and also the numbers based on TV versus CTV use for young folks. Let's end the lead by talking about how marketers are trying to get to this generation. What to you are some of the most important takeaways for marketers trying to target ads at Gen Zers?

Paola Flores-Marquez (14:06):

It's so basic, but yeah, phones continue to be the best way to reach Gen Z. They're just so indispensable.

Marcus Johnson (14:11):

It's fundamental.

Paola Flores-Marquez (14:12):

Yeah, they're just not giving... It's a multifunction tool that they use. They use it to connect with others, they use it to pay for stuff. It's just so basic. Definitely just prioritize, your ad's probably going to be seen on a phone, and it's especially probably going to be seen on social media, but they're also much less ad-averse than older generations. They have much more positive attitudes towards ads.

(14:35):

Yeah, don't be afraid to invest in them, but try to diversify your ad content. Don't just focus on a singular ad, try to connect with influencers. Try to make sure, honestly, prioritize reviews from actual users or micro users. They have the most influence. I've touched on this in the report, tiny influencers, not ones with a huge following, or micro influencers, small people who are just able to testify to the use of your product, are so much more valuable.

(15:02):

A lot of Gen Z is not just turning to TikTok to do a lot of this product research. They're also turning to Reddit in order to gauge whether a product is worth buying, because there are so many authentic consumer reviews on there that are speaking to how they use the product, how useful it was, comparing it to others. Honestly, the missing link there is just adding where to buy it, the link to buy it on Reddit.

Marcus Johnson (15:25):

That takes me quite nicely into the thing that jumped out to me about targeting ads at Gen Zers, which is social search has an edge over traditional search. Megan Ewan, one of our content managers, was writing that in 2023, over half, 51% of Gen Zers worldwide used social media as their primary platform to search more information about brands, products, and services, versus 45% who use search engines, so a six point gap in favor of social media use according to GWI.

(15:54):

We've been talking about the relationship between search engines, and social media, and where folks are looking for things, and how that's changing. For Gen Z folks, the scales have already tipped in favor of social media for searching for things, at least according to this research here. Paola's full report is called Gen Z Technology and Media Preferences for 2024. You can find that if you're a Pro Plus Subscriber, at eMarketers.com, or click the link in the show notes.

(16:18):

All right, folks, time for the fourth quarter. Today, in other news, LGBTQ+ consumers in the US, and how underrepresented are US Hispanic consumers in ad budgets? Story one, Paola, in a recent piece, you noted that the share of LGBTQ+ consumers in the US had more than doubled over the past decade, going from nearly 4% to nearly 8% according to Gallup. You go on to explain that this group is also financially strong, noting that married same-sex couples had a median household income of \$124,000 in 2022 according to the US census. In researching about the LGBTQ+ consumer, what was one of your most interesting findings?

Paola Flores-Marquez (17:05):

I think there was two. One is that I just-

Marcus Johnson (17:05):

Just one. No, I'm kidding. Two's fine. Two's fine.

Paola Flores-Marquez (17:08):

Okay. The first one was that I was really pleased to learn that LGBTQ+ consumers prioritize diversity both on and behind the screen. It's not just about the visual representation. There is a deep commitment to making sure that there's a thoroughness there, to make sure that what's produced is authentic, and that makes sense. It ties well to previous notes about wariness towards ads that aren't authentic, or don't accurately represent the community.

(17:33):

I think incorporating people who are of diverse experiences is a key component. Then the other one is that romance is so popular. The most popular sub-genre of the media they watch is romance and it's dramatic romance, comedy romance, horror romance. They just want romance in there, which I thought was lovely.

Marcus Johnson (17:50):

Yeah, that was a really nice one. Another one that we were actually talking about before we hit record, which was the share of folks who identify as LGBTQ+ doubles every generation according to Gallup. If you look at the Silent Generation there, 1945 and earlier, 1% identify as LGBTQ+. If you go to Baby Boomers, 2.5%. If you go to Gen X, 4.5%. Millennials, 10%. Gen Z, the cohort we've just been talking about, 22% of them identifying as LGBTQ+. I thought that was fascinating. That's from Gallup.

(18:23):

The second thing that jumped out to me as well, over half, oh, this is stunning, over half, 55% of LGBTQ+ adults felt that LGBTQ+ focused ads seemed insincere because they were not representative of the real LGBTQ+ experience, according to The Collage Group. Over half are basically saying, "You are not getting this right in terms of the actual experience," which is shocking.

Paola Flores-Marquez (18:48):

Yeah, the gay community is not a monolith, and the gay life in certain areas of the country is going to be vastly different than gay life in the cities. It's really hard to capture all that at once. Once again, hiring people who come from those experience is going to be key-

Marcus Johnson (19:02):

Helps.

Paola Flores-Marquez (19:06):

... To making sure, yeah, that you're at least tapping in to what the current thread is that would be the most appealing and the most sincere.

Marcus Johnson (19:11):

That's a good point. Story two: US Hispanic consumers are underrepresented in ad budgets, despite nearly \$3 trillion in purchasing power. [inaudible 00:19:19] Director of Briefings, Jeremy Goldman, he explains that the Hispanic Marketing Council, HMC, has launched a campaign, calling out CMOs for inadequately engaging the lucrative Hispanic/Latino consumer segment.

(19:32):

Dubbed Latino Coating, the campaign criticizes brands for superficially incorporating Latino elements into marketing without genuinely understanding or respecting the culture, he notes. Paola, what was your biggest takeaway from Jeremy's article?

Paola Flores-Marquez (19:45):

I think it's similar to the point we just made about authenticity and different experiences. There are so many types of Latino experiences in the US. You have people whose families have been here since before parts of the US became the US, and they were Mexico. You have people who've recently migrated. You have people who come from mixed cultures, and people like me, where I was translating documents by the time I was eight, because hey needed someone to help navigate.

(20:16):

I think that there's just, you have to be very specific about who it is you're talking to and who you're targeting, and you have to really, really understand what is it that their needs and desires are. I, for one, would like access, I'm going to use this platform to ask for it, I would like some sort of an authenticated user on behalf of my parents for managing all their accounts, because my current system is just probably not the best. I have to pretend to be them on a lot of accounts, and it's not very helpful.

(20:47):

Yeah, definitely think about how those experiences vary and generationally, how they vary. Also, I think I mentioned this in the article, not all Latinos, but there is a strong emphasis on family and Latinos and Latino culture, but there's also, particularly in second and third generations, a desire for independence and carving out your individualism away from the group. I think this hasn't really been truly addressed in a way that doesn't lean much more towards one extreme than the other. There has to be some sort of a balance that would speak to that community in particular.

Marcus Johnson (21:20):

Great points. The two things that jumped out to me are just so painfully obvious, but at the same time, not necessarily, because they're being ignored to a certain extent. One is the US Hispanic consumer market's purchasing power is experiencing insane growth. According to the University of Georgia, Terry College of Business, the US Hispanic consumer market's purchasing power is projected to grow nearly 50%, five-zero percent, from 2020 to 2025, approaching that 3 trillion figure that I mentioned at the start of the story.

(21:51):

Lots of money for marketers to be targeting this group. Two, it's a huge group of people. Hispanic individuals make up close to 20% of the US population today. However, brands allocate less than 4% of ad budgets to Hispanic targeted marketing, according to the HMC. This group will represent one quarter of all American people, over 25% of all Americans, will be in the Hispanic group by 2050.

Paola Flores-Marquez (22:19):

They over index on also all social media platforms. They're so active online, they're so digital.

Marcus Johnson (22:26):

All right. Well, that's the way we have to leave the conversation. Thank you so much, Paola, as always, for hanging out with me today.

Paola Flores-Marquez (22:31):

Thank you for letting me ramble for a couple of minutes. I really appreciate it.

Marcus Johnson (22:34):

Always. Always a pleasure. I do it every day, so the least I could do is share the floor. Thanks so much to Victoria who edits the show, Stuart, who runs the team, and Sophie who does our social media. Thanks to everyone for listening in to the Behind the Numbers Daily, an eMarketer podcast. We hope to see you tomorrow, where you can hang out with Sarah Libo. She'll be speaking with Daniel Constantinovich and Paola, again-

Paola Flores-Marquez (22:52):

Woo!

Marcus Johnson (22:52):

She'll be on that show, speaking about Pride Month recap, brand wins and lessons, and what it means for other holidays.