



How to Build a Winning Gen Z Strategy on Mobile



2020



EXECUTIVE SUMMARY

Gen Z: The Mobile Generation

Reaching Gen Z during their formative years can help maximize customer lifetime value

98% of Gen Z report owning a smartphone, on average receiving their first at the age of 10. They are also part of the largest generation globally. As fairly new consumers, their brand preferences are not yet set, giving companies the opportunity to define themselves in a way that resonates with this mobile-native generation and earn their loyalty.

2x Faster Growth

Average Gen Z MAU among top apps in the US than growth among older generations

Q3 2020 vs Q3 2019

4.1 Hours

Per app per month spent by average Gen Z user across the top 25 non-gaming apps by MAU

Q3 2020

120 Sessions

Per month accessed by avg Gen Z User among top non-gaming apps

Q3 2020

+35% More Time

Per month spent by Gen Z user in Indonesia than global average among top non-gaming apps

Q3 2020

1.5x More Sessions

Per month accessed by Gen Z user in Japan than global average among top gaming apps

Q3 2020



APP ANNIE

The Mobile Performance Standard

Through our mobile data and insights platform, we help create winning mobile experiences for those aspiring to achieve excellence





3 Reasons You Need a Strong Mobile Strategy for Gen Z

1. Gen Z Is the Mobile Generation

Gen Z has never known a world without the internet, and their first phone was likely a smartphone. **If you want to reach Gen Z, you need to do it where they spend their time — on mobile.**

2. Gen Z Is Growing in Influence

As one of the youngest generations, Gen Z now amounts to a third of the world's population, surpassing millennials as the largest generation.

They control an estimated **spending power of \$143 billion annually** and influence an estimated **\$600 billion in spending**. As more of Gen Z enters the workforce, companies without a strategy in place will fall behind.

3. Gen Z Has Different Expectations

Gen Z places value on **access rather than ownership**. Mobile has given them the platform to interact with brands on their own terms. **What worked for previous generations will not work for Gen Z**, and this generation is establishing mobile habits early and rapidly.

★ As Gen Z's spending power grows, they are establishing consumer habits and brand loyalty on mobile. The time for brands to act is now.

GEN Z 2020

Using Our Demographic Data to Uncover Actionable Gen Z Insights

Challenges & Opportunities

- *Where are Gen Z spending their time and what makes them different from previous generations?*
- *Which categories do not yet have dominant players? Which apps offer potential partnership opportunities?*

How App Annie Can Help :

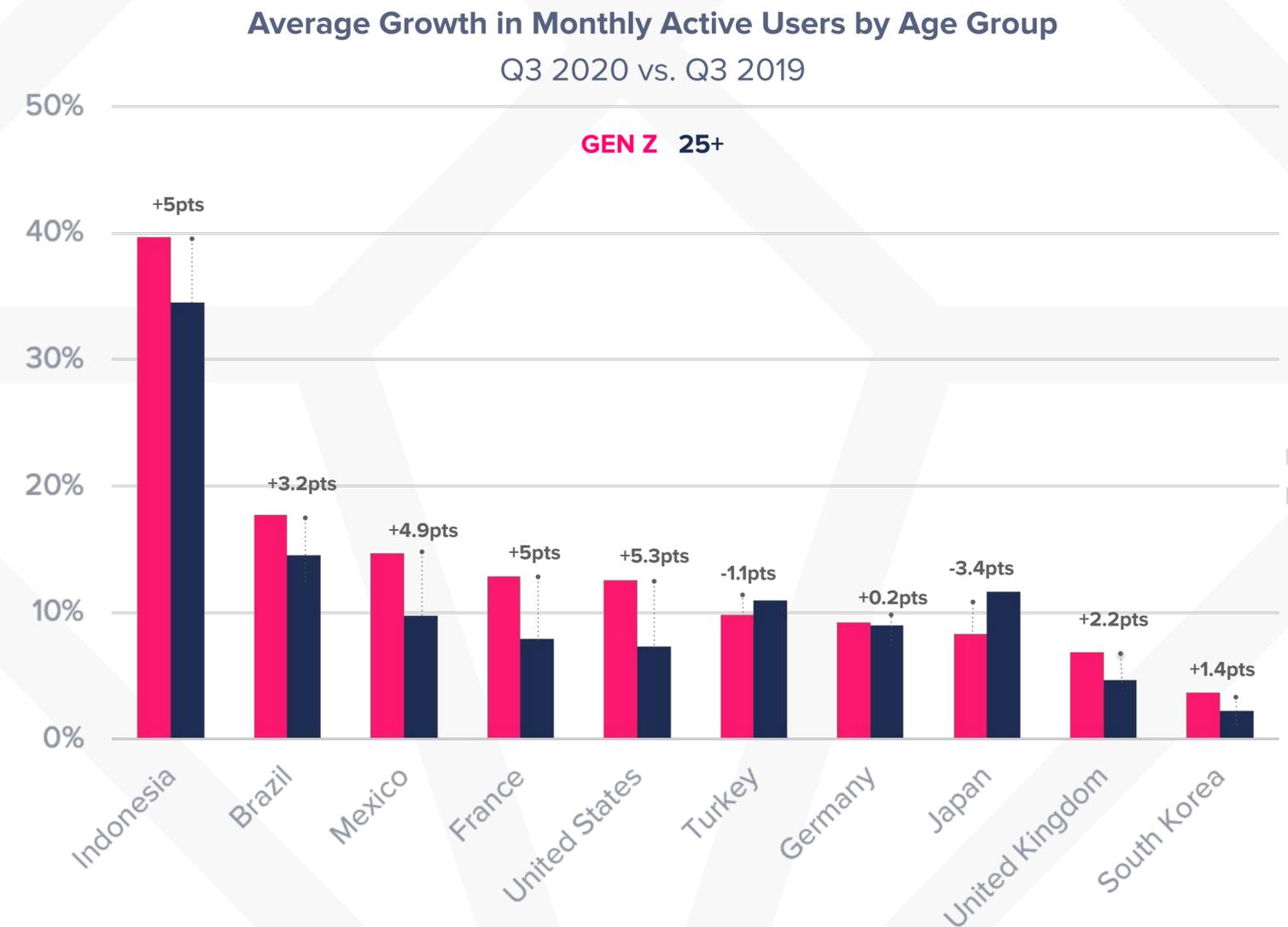
- **Demographics Segmentation:** Build out marketing campaigns and partnerships for apps with demographics that match your target audience.
- **Audience Index:** Prioritize your budget, time and attention on the apps that will give you the best ROI.



GEN Z 2020

Growth of Gen Z Users Outpaced Those 25+ in Most Markets, Highlighting Growing Influence of Gen Z

- While the growth of Gen Z active users differs by market, it's rising faster than that of older active users (aged 25+) across most markets analyzed.
- Mobile-first emerging markets like Indonesia (40%) represent many of the fastest-growing markets for Gen Z mobile users. However, the **largest growth differential between age groups was in the US, where Gen Z MAU grew nearly 2x more than those 25+.**



Notes: Android phone, average of top 25 Gaming and Non-Gaming Apps by MAU per age group in each market, excluding pre-installed apps

★ It's imperative that brands adapt their strategy with smart data-fueled insights to this growing mobile native generation, or risk being left behind.



GEN Z 2020

Understanding How Likely Gen Z Is to Use Your App Is Critical to Your Growth Strategy

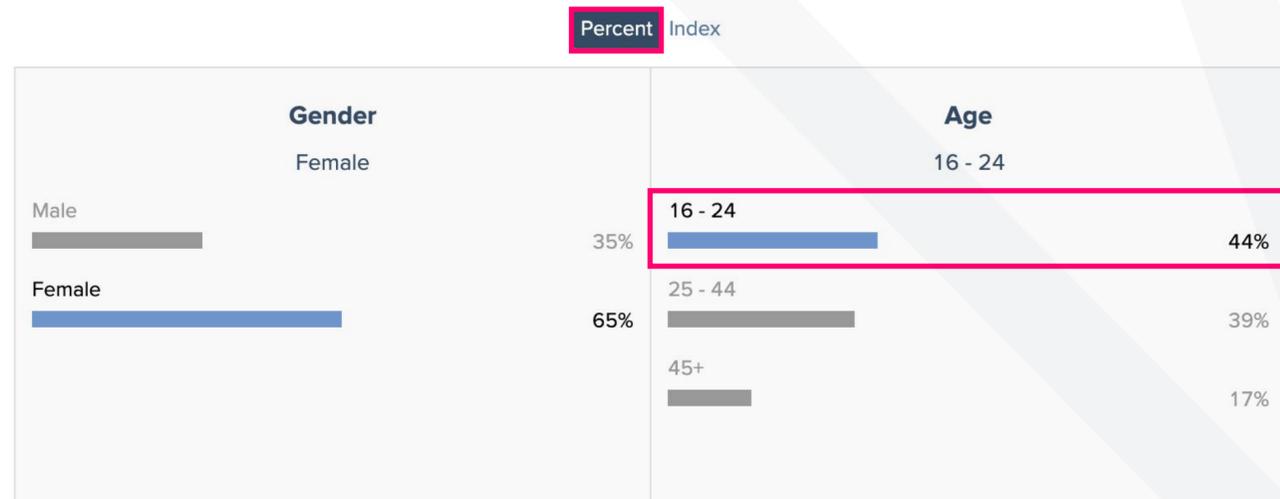
Audience Index Shows You Demographic Splits & Likelihood of Use

TikTok - Trends Start Here Create Alert Add To Group
 Entertainment | Free | Published by TikTok Inc | Open in iOS Store

Demographics [About this report](#) Save Subscribe & Share Export

Device: iPhone | Country/Region: United States | Month: September 2020

iPhone - United States - September 2020



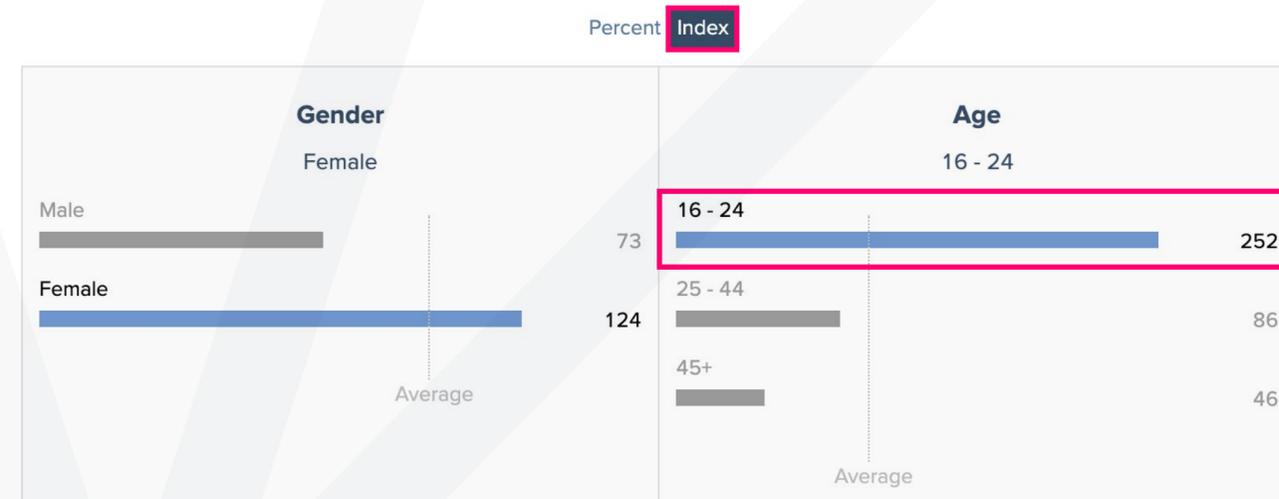
Nearly half of TikTok's active users in the United States in September 2020 come from Gen Z

TikTok - Trends Start Here Create Alert Add To Group
 Entertainment | Free | Published by TikTok Inc | Open in iOS Store

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iPhone - United States - September 2020



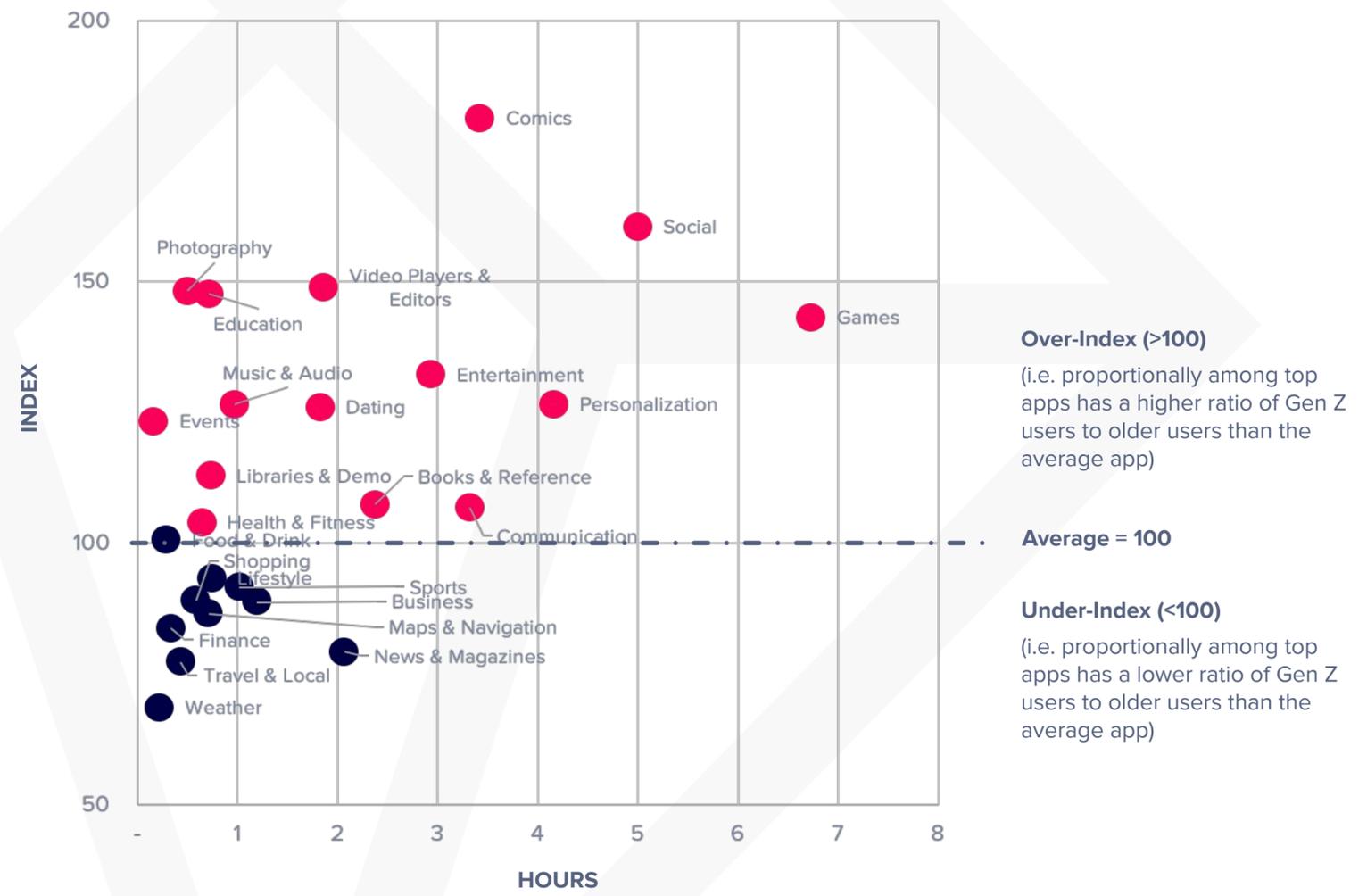
TikTok's Gen Z population is over-indexed by 152 points relative to the avg mobile user in the US, indicating a high ratio of Gen Z users as compared to the avg app



App Annie's Gen Z Mobile Index Can Show You Where the Gen Z Market Is Engaging on Mobile

- If your category has high Gen Z engagement, but your app does not, then understanding what's working for them could be a good way to implement best practices for your industry.
- For categories that are under-indexed and have a lower ratio of the overall Gen Z population, you can use this data to understand areas of opportunity and begin shifting your strategy to meaningfully engage with a younger audience.

Gen Z Index & Engagement Among Top Apps By Category
Q3 2020



Note: Top 25 Apps by MAU per Google Play category excluding pre-installed Apps, Android phones only. Average among Brazil, France, Germany, Indonesia, Japan, Mexico, South Korea, Turkey, UK, US

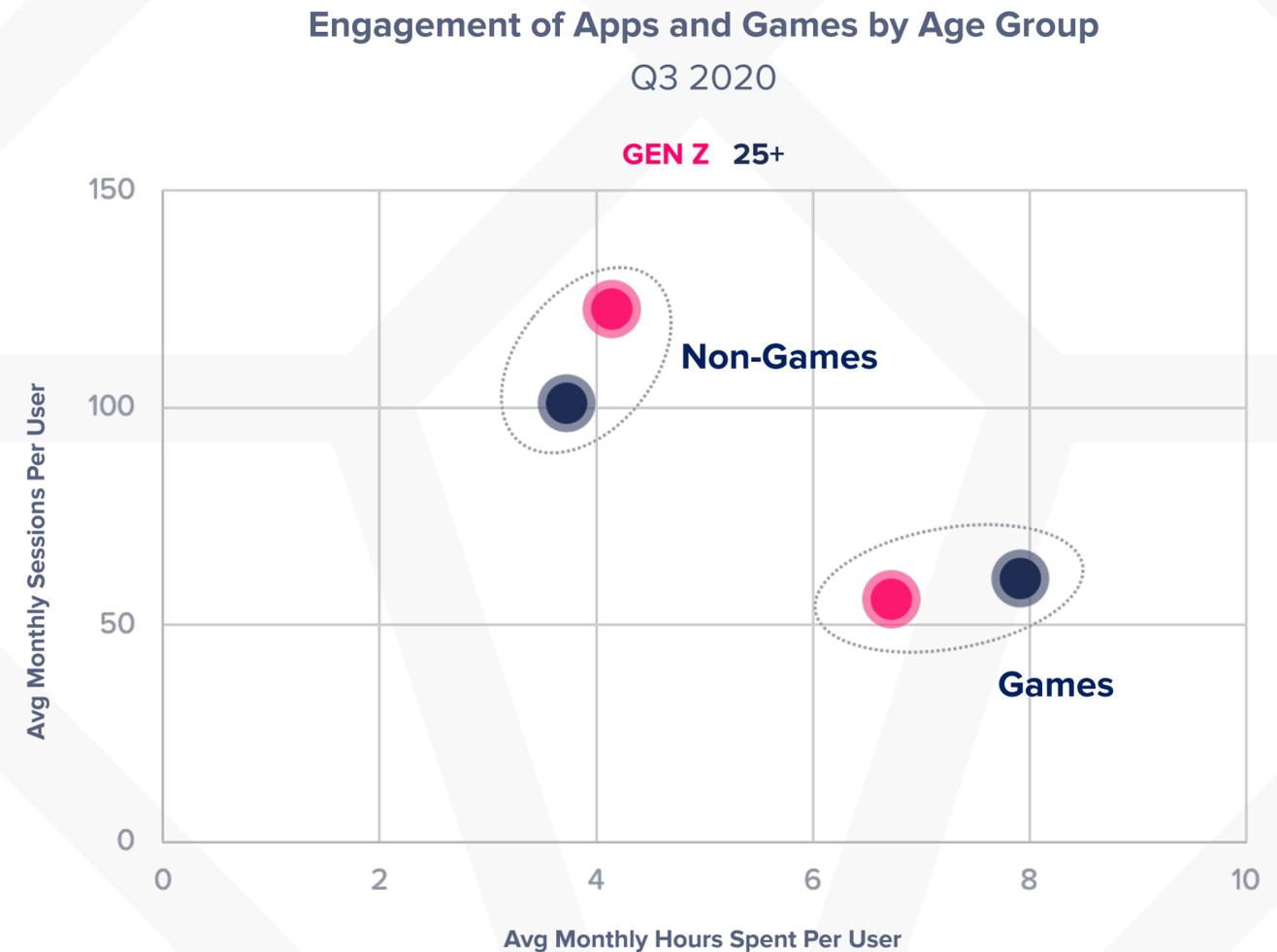
★ Understanding your category is key to setting benchmarks, but also look to categories over-indexing on Gen Z to look for inspiration for features and marketing.



GEN Z 2020

While Gen Z Is More Likely to Use Games, They Spend Less Time in Top Games Than Those Age 25+

- For Gen Z, engagement in non-gaming apps is deeper: they have 20% more sessions per user in top non-gaming apps than older groups, with 120 sessions per month per app, and spend 10% more time in those apps. On average, Gen Z users spent 4.1 hours per app per month across the top 25 non-gaming apps by MAU.
- While both age groups spend more time per month in gaming apps, there is a starker contrast between the age groups. Those 25 and older spend nearly 20% longer in their most used games, and access them 10% more frequently.



Note: Top 25 Apps by MAU per Google Play category excluding pre-installed Apps, Android phones only. Average among Brazil, France, Germany, Indonesia, Japan, Mexico, South Korea, Turkey, UK, US



Increased frequency and engagement are precursors of revenue growth, as they represent purchase opportunities. Mobile gaming is set to bring in over \$100 billion in 2020 alone — more than all other forms of gaming combined. You don't want to leave billions of dollars on the table.

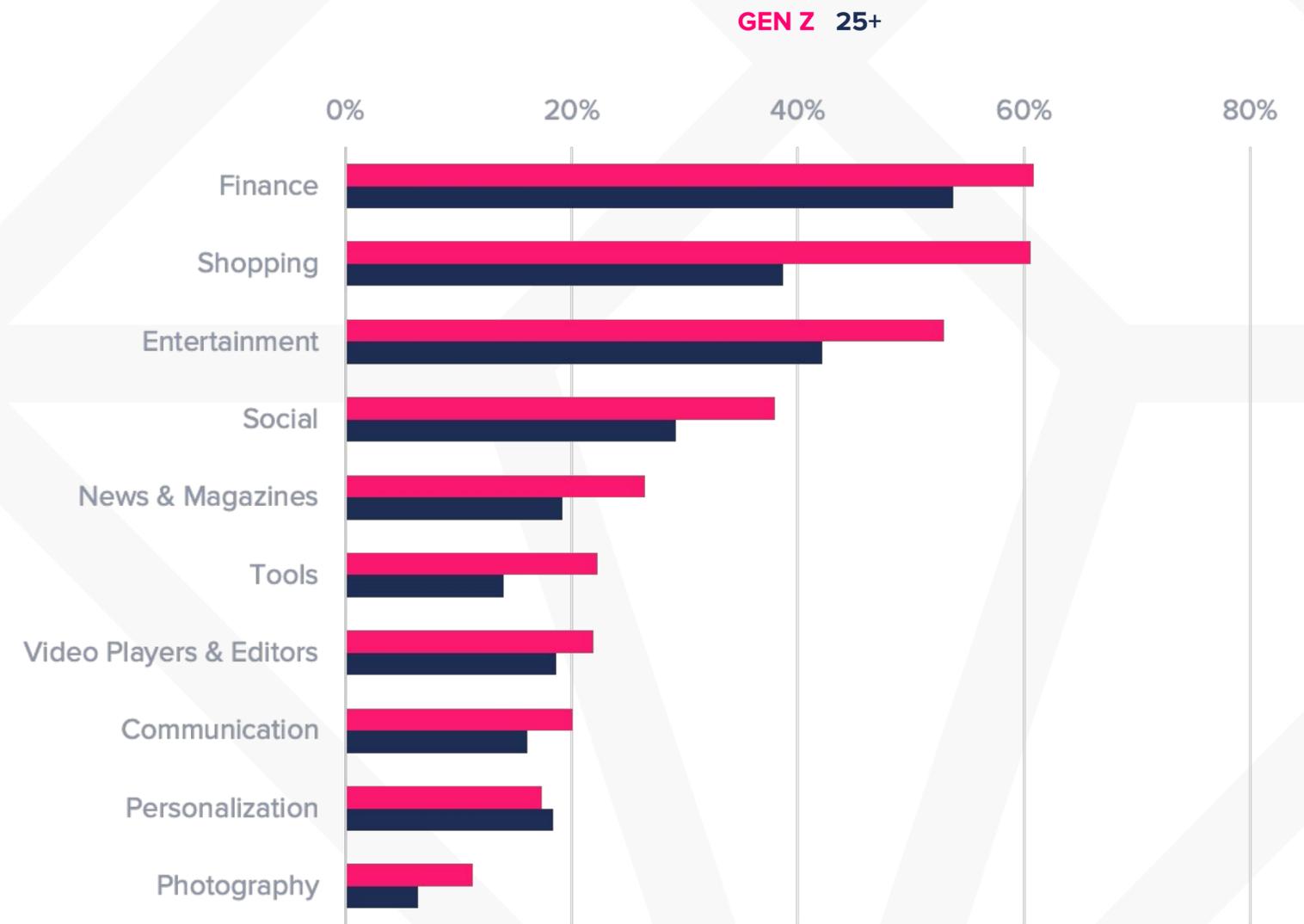


GEN Z 2020

The Gen Z Rocket Ship: Mobile Usage Blasts Off

- There are opportunities in many industries and markets to reach Gen Z, and mobile data will show you where these are.
- Finance and Shopping apps haven't managed to reach a broad Gen Z audience, but these categories have experienced strong growth YoY and **represent a promising area for investment.**
- Apps in categories that are already highly relevant to Gen Z can be excellent partners to help you increase engagement, including Social, Entertainment, and Comics.

Growth in Total Time Spent Among Top Categories by Usage
Q3 2020 vs. Q3 2019



Note: Android Phone. Growth in total time spent among Brazil, France, Germany, Indonesia, Japan, Mexico, South Korea, Turkey, UK, US

★ Mobile data unearths opportunities for reaching Gen Z: whether its an underserved market or a highly-engaged vertical to leverage.

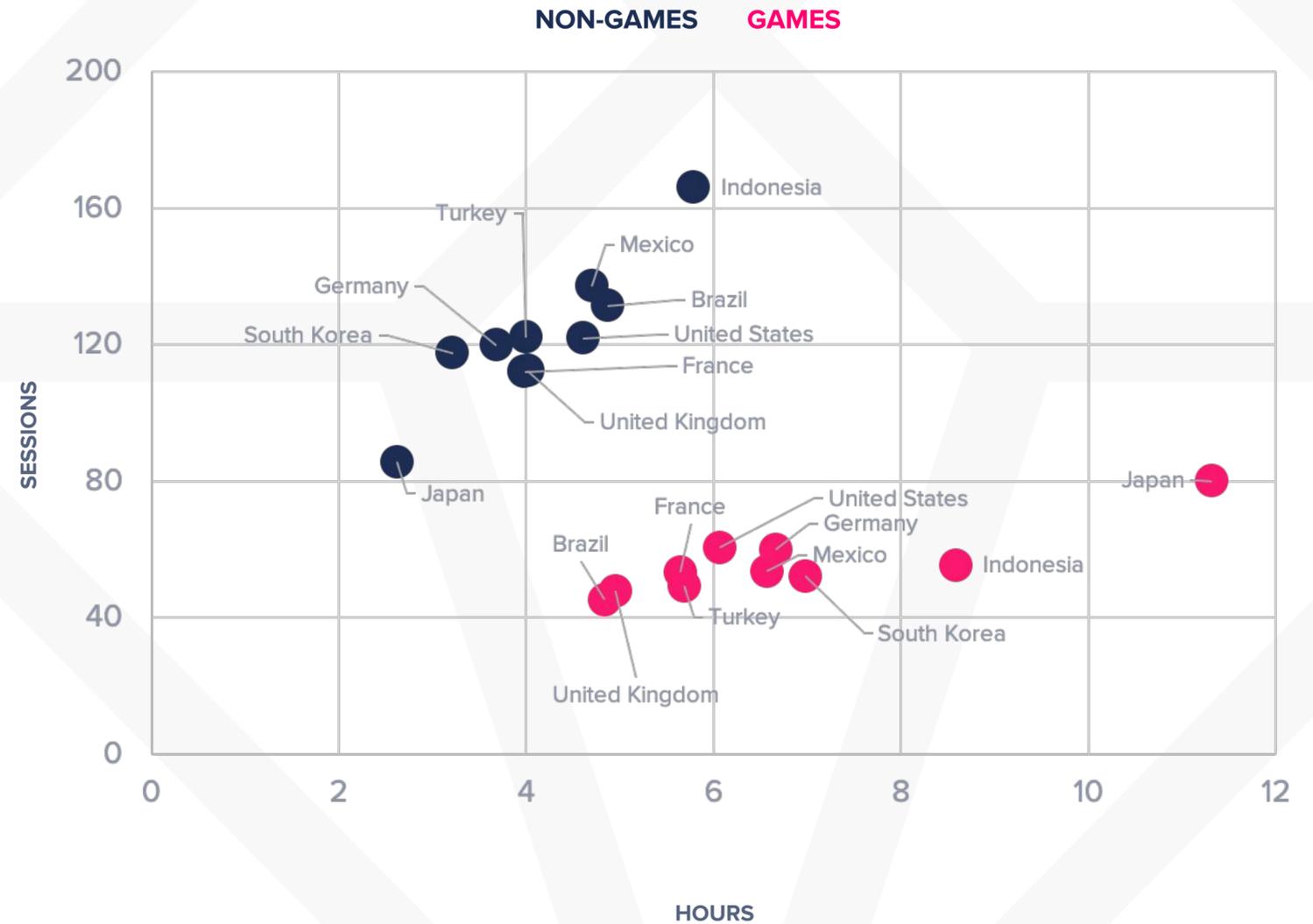


GEN Z 2020

Not a One-Size-Fits-All: Gen Z Behavior Differs Vastly by Market & Requires a Closer Look

- Gen Z users in Japan spent almost 1.5x the number of sessions per month in their favorite gaming apps than the global average — the most among markets analyzed. In contrast, Japan is among the lowest in terms of time spent and frequency in non-gaming apps.
- Japan is also unique in the sense that the average monthly sessions per user in games and non-games were nearly equivalent — with a much longer average session duration for Gen Z gaming.

Gen Z Engagement of Apps & Games by Market Q3 2020



Note: Top 25 Apps by MAU per Google Play category excluding pre-installed Apps, Android phones only. Average among Brazil, France, Germany, Indonesia, Japan, Mexico, South Korea, Turkey, UK, US



This underscores why it's important that non-gaming apps look to gaming apps for best practices and gamification techniques for cultivating loyalty, stickiness and retention. Use mobile data to benchmark your progress on these initiatives to tell you how you are progressing and where you have room for improvement.

App Annie Can Help Product Managers Navigate Gen Z's Category Preferences

Challenges & Opportunities

- Which categories are primed for demand from Gen Z as they enter their next life stage? How can I prepare to maximize their entrance now?
- What categories are saturated or face fierce competition for Gen Z's attention? How have key players in other markets dealt with this challenge? What can I learn from those strategies?
- If I am entering a crowded market, how do I break through the noise and capture Gen Z's attention? What features are in their most-used apps? What categories dominate their attention?

How App Annie Can Help

- **Discover Top Apps:** See the apps you're up against, and factor into your strategy
- **Game IQ:** See which game subgenres have the most share and growth opportunities specific to this segment
- **Cross App Usage:** Tailor your user acquisition campaigns and discover partners for cross-promotion by analyzing what strategic engagement pathways of users from apps and mobile websites



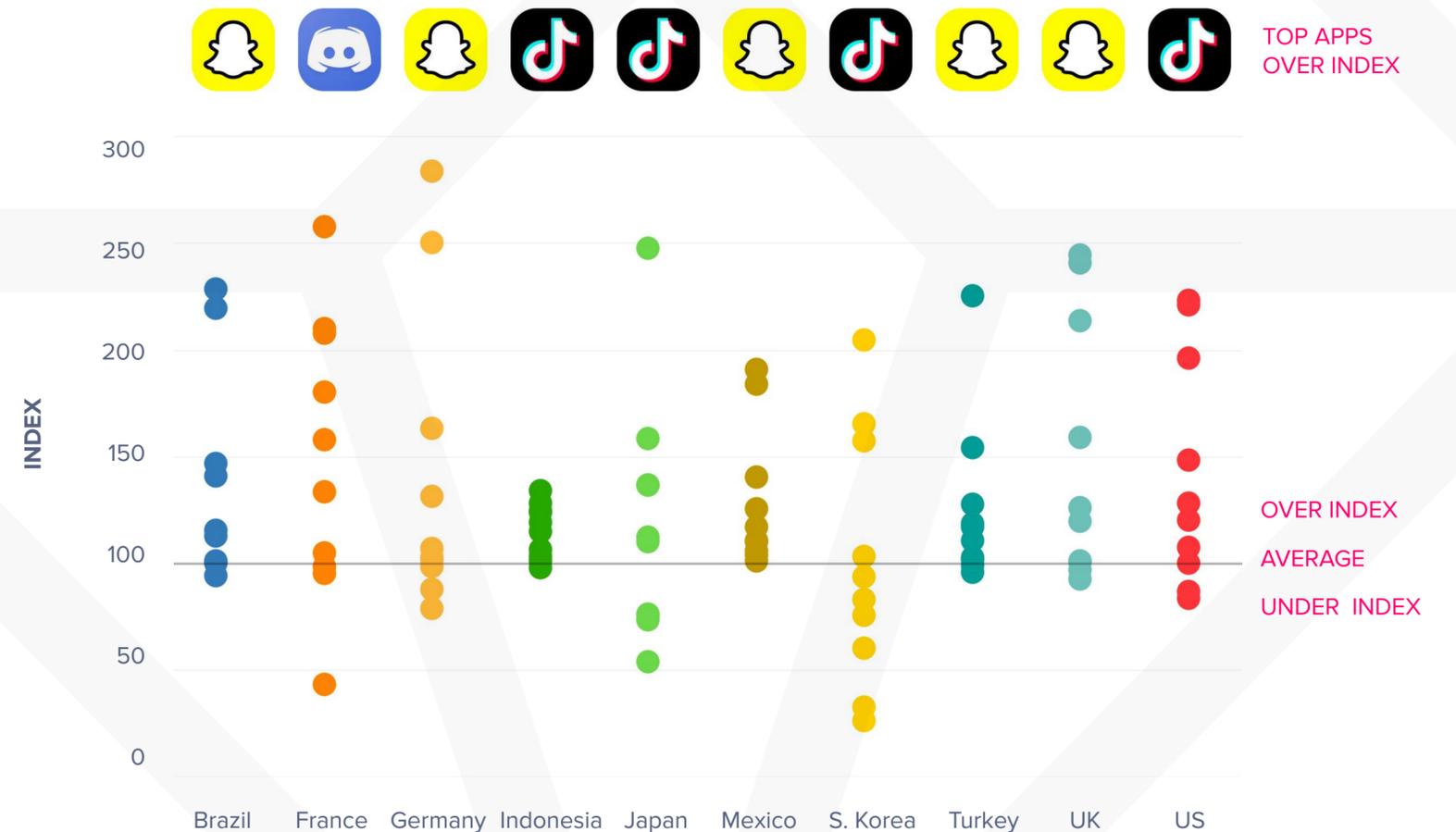
GEN Z 2020

Gen Z Is a Mobile & Video First Generation

- TikTok and Snapchat stand out as the top over-indexed app among Gen Z in 9 out of 10 the markets analyzed for social apps, showing how important a video and photo-first strategy is for engaging Gen Z, along with creative elements like avatars, filters and ephemeral messages.
- Discord has seen very strong growth, particularly in France, another indication of how mobile is the epicenter of social interactions. In-person gaming sessions with friends have increasingly been displaced by remote play while chatting through a mobile app.

Distribution of Gen Z Index Among Top Social & Communication Apps by Average MAU

Q3 2020



Note: iPhone and Android phone combined, select markets. Top apps made up of top 10 Social and Communication apps by MAU



Gen Z is the mobile generation, but as a brand you need to know more. How much more time are they spending on social? Is this spread across a number of apps? Which features capture the most attention? This helps you craft a targeted strategy for reaching coveted consumers — a strategy fueled by data to give you the best chance for success.

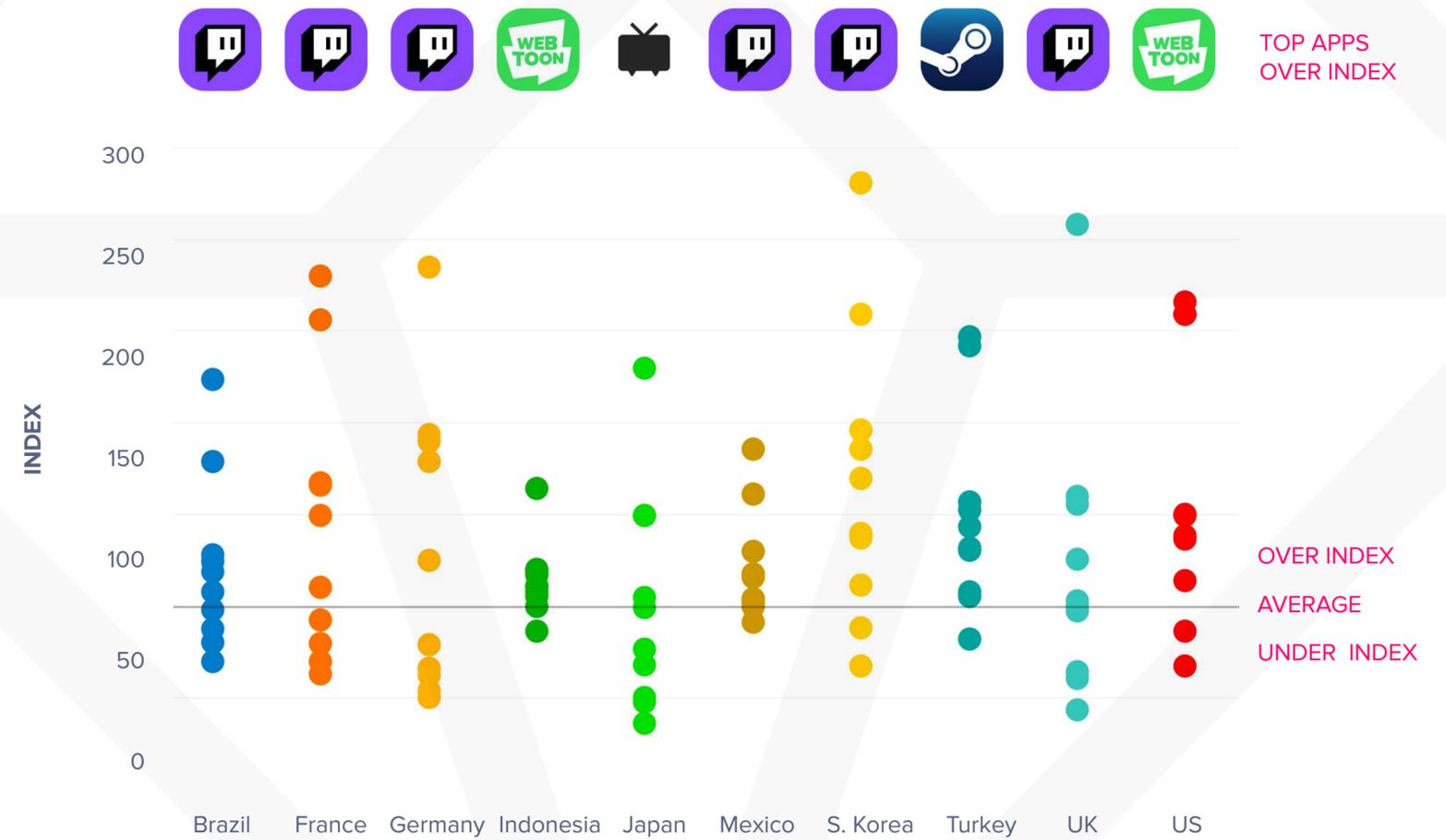


GEN Z 2020

Convergence of Gaming, Live Streaming & Social Sharing Define Gen Z's Entertainment Habits

- Twitch is the top over-indexing app among Gen Z in 6 out of 10 of markets analyzed. Twitch use cases have branched out beyond gaming to reach Gen Z, including streaming interactive podcasts and cooking shows. While its popularity is not unexpected, as video game and eSports streaming were popularized by this demographic, counting most of their top influencers among their ranks, it is not universal.
- In Japan, social live streaming niconico is a strong performer among Gen Z, and we could see other live streaming services picking up in other markets in the coming quarters and could represent a good market opportunity

Distribution of Gen Z Index Among Top Entertainment Apps by Average MAU
Q3 2020



Note: iPhone and Android phone combined, select markets. Top apps made up of top 10 Entertainment apps by MAU

★ User-generated content is front and center on mobile. Video streaming companies need to look beyond their traditional peer group to stay ahead of the competition. For Gen Z, our mobile data shows that live streaming, gaming and social sharing represent the sweet spot among user preferences.



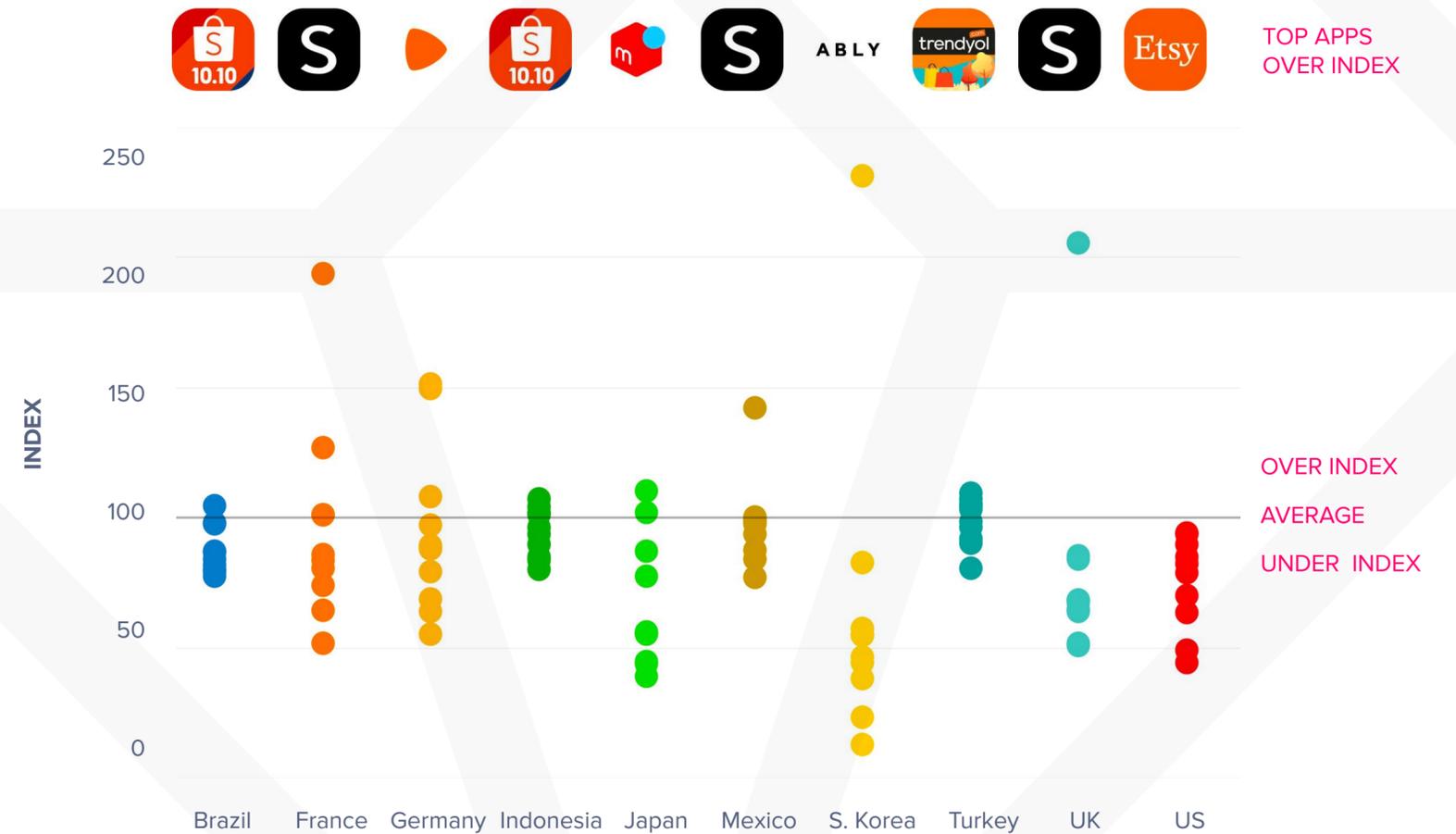
GEN Z 2020

Not Just One App: Fashion Apps and P2P Marketplaces Cater to the Needs of Mobile-Native Gen Z

- Few apps among the top 10 shopping apps over-indexed on Gen Z, indicating there are still opportunities for brands to expand into this space.
- Among apps that over-index on Gen Z, fashion retailers such SHEIN, ASOS, and marketplaces such as Shopee and Mercari are among apps that lean strongly towards Gen Z audience, as this age group tends to look for new shops, influencers to interact with, and the ability to earn money from P2P sales.

Distribution of Gen Z Index Among Top Shopping Apps by Average MAU

Q3 2020



Note: iPhone and Android phone combined, select markets. Top apps made up of top 10 Shopping apps by MAU



Gen Z shopping preferences vary by market, presenting a good opportunity to cultivate loyalty. This underscores why mobile data is so important to understand at a demographic level: one may assume major platforms would lead Gen Z like they do in older age groups, but Gen Z is unique and carving out completely new consumption preferences and brand allegiances.



GEN Z 2020

Among Us! Became a Gen Z Favorite

- Casual arcade game Among Us! was the third most-played game worldwide, driven largely by the surge of game streams on *Twitch* and its unique team-based multiplayer gameplay — indicating the appeal of games with strong social mechanics among Gen Z.
- Over 80% of the top games analyzed in each market analyzed skewed towards Gen Z users, highlighting the gaming space as essential viewing for potential partnerships.

Distribution of Gen Z Index Among Top Gaming Apps by Average MAU

Q3 2020



Note: iPhone and Android phone combined, select markets. Top 10 Games by MAU



While top games have targeted their Gen Z base effectively, mobile data is needed to re-strategize based on the newest leading indicators. App Annie's revolutionary Game IQ can help you optimize to remain competitive.

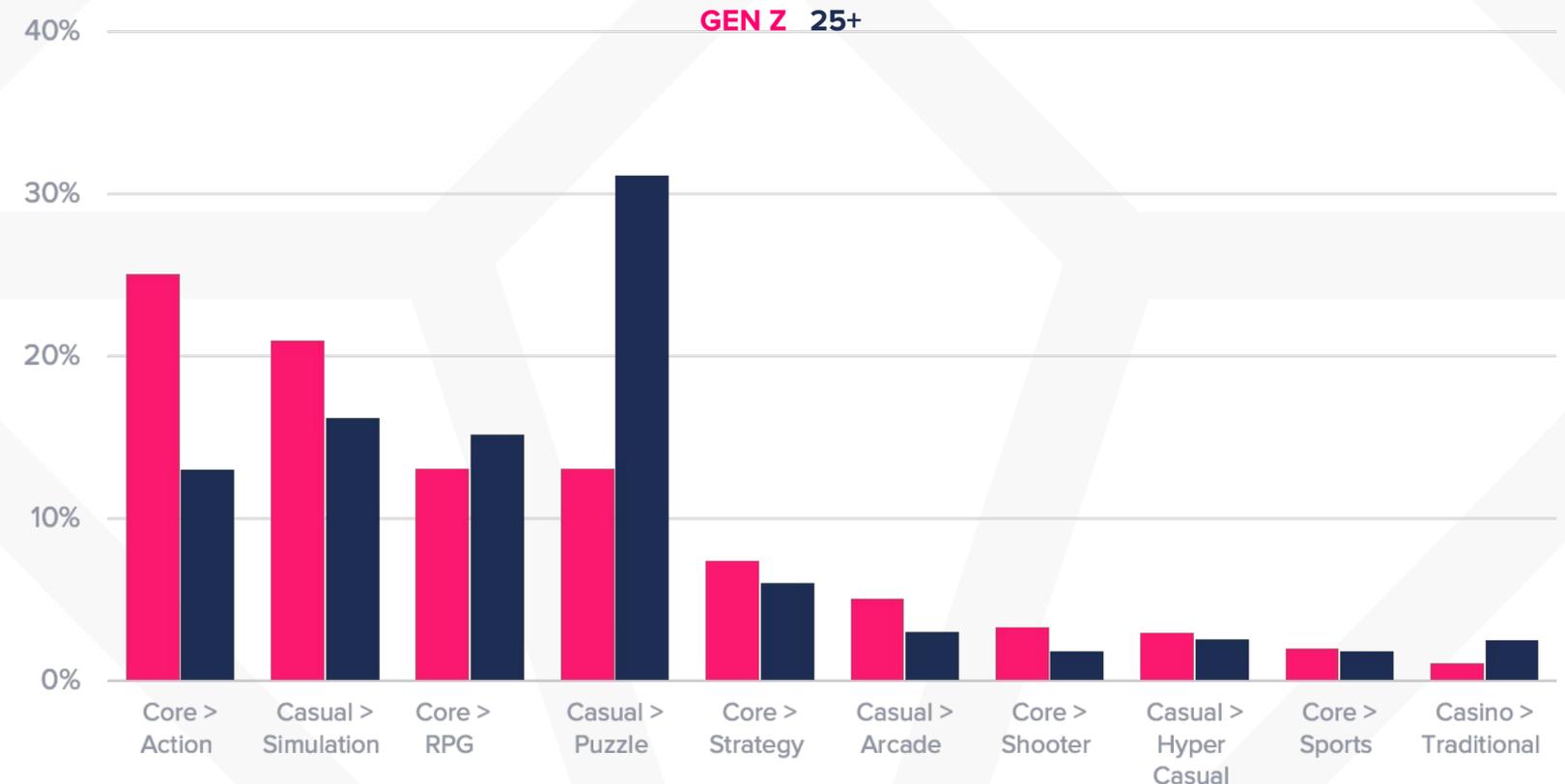


GEN Z 2020

Action & Simulation Genres With Multiplayer Drove the Greatest Gen Z Gaming Usage

- Casual Puzzle games accounted for over 30% of time spent for non-Gen Z gamers, particularly from Match-3 games like Candy Crush Saga and Toon Blast.
- Core Game Action genre, led by Battle Royale games such as PUBG Mobile and Free Fire, accounted for nearly 25% of time spent among Gen Z gamers. Casual Simulation games such as Minecraft Pocket Edition and ROBLOX also saw a higher share of usage for Gen Z compared to other genres. Interest is often driven by strong multiplayer features, providing an expansive online space to play with friends.

Top Gaming Genres by Age Group Share of Time
Q3 2020



Note: Android phones only. Total Time Spent among Brazil, France, Germany, Indonesia, Japan, Mexico, South Korea, Turkey, UK, US. Game classification powered by Game IQ.

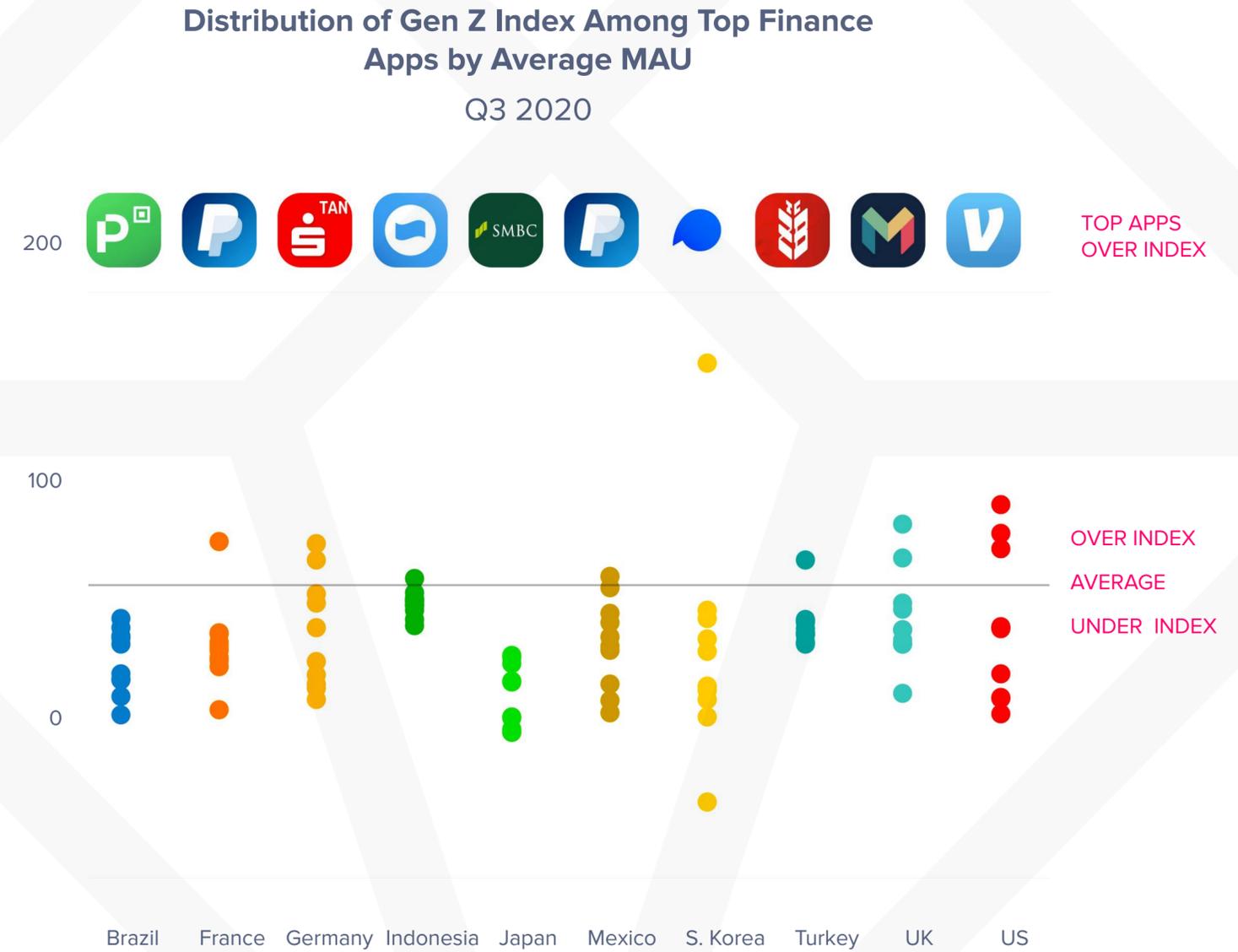


Understanding these preferences is important for product road-map planning, and monetization considerations. App Annie's Game IQ tags can help illuminate these differences and shave time on trialing these methods.



Area of Opportunity: Finance Apps Gained Momentum, But Have Room for Growth

- Very few Finance apps over-index on Gen Z, with non-banking apps taking the top spot in many markets. This is an opportunity for mobile-first banks to capture Gen Z as they begin to look for banking options in the future.
- Traditional banks need to act strategically; unlike previous generations, Gen Z often encounters fintech like Venmo, Monzo and DANA, or even branchless banks, before traditional financial institutions.
- In South Korea, peer-to-peer payment app Toss stood out for Gen Z — offering credit, loans, insurance, investments and more from multiple financial service providers as a financial gateway on mobile.



Note: iPhone and Android phone combined, select markets.
Top apps made up of top 10 Finance apps by MAU



As Gen Z enters the workforce and begins banking with increased frequency, banking and finance apps must offer a frictionless mobile experience to acquire this growing consumer base, often looking to multiple markets for inspiration.

Join Us for a Live Webinar:

Our mobile experts will deep dive on the key insights you need to know to win Gen Z on mobile, and answer your burning questions for how to capture this mobile-native audience.

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