



Me, my life, my wallet

Generational surfing



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With extending life stages, drifting life events and new events emerging, riding the waves between generations isn't as predictable as it once was. Across generations, companies have relied on assumptions about life stages, using age as a proxy, to identify when and how people will purchase certain products or services.

In our inaugural edition of *Me, my life, my wallet*, we explored generational surfing, with a focus on baby boomers, born between the mid-1940s and the mid-1960s, and millennials, born between 1980 and the turn of the millennium. In this edition, we turn the spotlight on Generation X, the demographic grouping born between the mid-1960s and 1980, following the baby boomers and preceding the millennials.

Traditionally, the analysis of baby boomers and millennials has been defined by their experience in North America and Europe. Yet, globally, the experience of these generations has been extraordinarily diverse.

In the US, for example, boomers grew up in a post-war era of increasing affluence, consumerization and optimism. In China, they were born into a planned economy where such everyday commodities as paper, sugar, oil and

Generational surfing

Amid all the hype and attention surrounding baby boomers and millennials, is your organization overlooking Generation X?



of Generation X
lost wealth
between 2007
and 2010

Pew Charitable Trusts, 2013

pork were rationed. In India, boomers grew up in a newly independent nation, with a sluggish, socialist-style economy that limited their economic options. In Brazil, boomers were so scarred by rampant hyperinflation in the 1980s that even now this demographic prefers to spend rather than save. In Japan, their journey was even more remarkable; born at a time when food was in short supply, they matured, as their country became an economic superpower.

With globalization, millennials in different countries have shared some experiences, but not others. In the West, their wallets have been squeezed by the great recession of 2008 and its protracted, painful aftermath. In China and India, where 47 percent of the world's millennials live, they have more opportunities and resources at their disposal than their parents. Yet, globally, they are considered the first truly digital generation, growing up in an era of widely available and rapidly advancing computing, technology and mobile communication, although the scale and pace of this revolution has varied from country to country.

Sandwiched between these two cohorts lies a group that is often overlooked or, particularly in North America and Europe, ignored: Generation X. Do they offer any less potential than baby boomers or millennials? Or could they represent a new opportunity for organizations to target new consumers in new ways?

Gen X: Looking beyond generalizations

To understand the forces impacting Gen X's customer wallet, it's important to appreciate the life events that have brought them here.

Consider the life stages of Karen, a typical American Gen Xer born in the late-1960s. As she joined the

Leaders who changed the world: Who are Generation X?

Google, WhatsApp, Alibaba, Amazon and Tesla: all developed by trailblazers from Gen X. Though millennials are recognized as tech savvy, Gen Xers have embraced technology with enthusiasm. In the US, Nielsen estimates, they use social media more habitually than any other generation — 40 minutes more each week than millennials. In China, GlobalWebIndex reports that half of Gen Xers watch videos on Tencent, Youku, Douyin, Weibo or WeChat every month. In the UK, a Barclays

Bank survey shows that Gen Xers aged 45 to 54 spend around 100 minutes a week browsing for online shopping, more than any other age group, yet this generation could be said to have been neglected by many marketers.

Accounting for nearly two billion people globally, Gen X is known for its entrepreneurial approach to work — they are becoming a dominant force in the ranks of business leaders — independent thinking and interest in the society around them.

workforce, the 1987 Black Monday crash dented business confidence, with economies softening and deflationary pressures mounting. In 2000, as Karen entered her peak earning years, the 2000 dot-com crash brought further economic pressure. Having bought a home at the height of the housing market, the 2008 financial crisis hit, affecting employment, investments and home ownership.

Between 2007 and 2010, US Gen Xers alone collectively lost approximately 38 percent of their wealth, an average of US\$24,000 per person, and suffered an average 27 percent decline in home equity. With widespread layoffs and poor job prospects, in part due to the rise of outsourcing and offshoring, 15 percent of Gen Xers dipped into savings to cover everyday living, while almost a quarter stopped contributing to retirement accounts and many never restarted due to the protracted nature of the economic recovery.

The consequences of this unfortunate timing have had a real and lasting impact. According to our global survey, 45 percent of Gen Xers feel anxious about retirement; only 9 percent say they have adequate savings to retire; and a worrying 25 percent say they have not started saving for retirement but plan to.

“In Western economies, Gen Xers have a record of unfortunate timing,” said Colleen Drummond, Head of Innovation Labs, KPMG in the US. “Each of their pivotal life events coincided with major economic shocks that have left a profound and lasting impact on their assets, wealth and outlook. Yet they are also in their prime earning and spending years, which make them attractive targets as customers.”

But contrast Karen’s history with the experience of Liu, a typical Gen Xer in China, born in the



of Generation X say they don't feel financially secure

mid-1960s. Growing up with multiple siblings, his early years would have been characterized by scarcity; chicken was regarded as an annual treat. However, from the age of 13, his opportunities would have increased exponentially as then-leader Deng Xiaoping began reforming China’s economy. As Liu grew up, he might have felt pride that his generation was transforming society — Jack Ma (Alibaba), Pony Ma (Tencent), Robin Li (Baidu) are all



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My mother-in-law is 80. She’s not as much work as the 87 and 88-year-old [my parents] ... luckily I have four siblings. We each take a day with my parents. However, the kids are our number one priority, so if I’m on for Tuesday to take care of my mom, but, you know, Allie [my daughter] got sick and needed me, then one of my siblings would take my time. ”

Julie, 53, Lansing, MI, US

Gen Xers. More prosperous than his parents, Liu is generally optimistic about the future, though concerned by talk of a housing bubble and the need to help his children financially through university and to make a down payment on a first home.

Or look further in Asia to Avi, a member of India's Generation X, born and spending his formative years in an era of economic malaise and a protectionist culture that only dissipated in his early-30s, as the country embraced foreign domestic investment and relaxed industry, commerce and trade policies. Disposable incomes among the middle and upper-middle classes increased dramatically, driving a consumption economy previously unfamiliar to the nation, and both



of Gen Xers say they've not yet started saving for retirement, but still plan to

economic and purchasing opportunity swelled rapidly.

Many of his generation began to travel overseas for employment and returned demanding the same quality of products and experiences from Indian manufacturers and the multinational corporations swiftly entering the market. Home ownership became more accessible, a previously stagnant real estate market began to grow in value, and Avi and his peers began to stand apart from their predecessors as a more literate, globally aware and quality-conscious generation — and one armed with a relatively higher net worth than their parents.

Sandwich generation

One experience that Karen, Liu and Avi, alongside other members of Generation X, share is a new life stage we refer to as the 'sandwich generation'. Caught between caring for and supporting both younger children and aging parents, they are time-starved, thanks, in large part, to the sharp rise in women's participation in the labor force, their parents' extended life spans and, particularly in China, the consequences of the one-child policy on birth rates.

Being sandwiched can manifest pressures on the watch, as Gen Xers are forced to make sacrifices or compromises in how to allocate their time. And it can create pressures on the wallet, in how they marshal their financial resources to support their elderly parents and accommodate their Gen Z children, who are typically spending more time with their parents than previous generations.

Basis for new opportunity

Though the past and present have been full of challenges for Generation X, the future outlook is positive.



It's really ingrained in my mind, and in my parents' mind, and their parents' mind, and generationally, that when you're in your 60s sometime is the traditional age for retirement. And from there on in, you get your pension. But it's not the way I am seeing it. ”

Tim, 39, Montreal, Canada

While many Gen Xers in the West are not as wealthy as their parents were at the same age, they are currently at the peak of their earning years and have a strong work ethic. As our survey shows, by virtue of their life stage, this overlooked Generation is earning more and spending more than at any other time in their lives.

Despite not being digitally native, like millennials, they are technologically savvy. What's more, in part due to a looming wealth transfer from their parents, they are expected to become tens of trillions of dollars wealthier over the next two decades. In China and India, Gen Xers are already more prosperous than their parents, benefiting from economic reforms made over the past 40 years.

So how can organizations respond to the watch-wallet dynamic of Generation X, and tap into their increasing wealth and affluence?

"This generation needs help and increasingly will be able to pay for it," said Julio Hernandez, Customer Advisory Lead, KPMG in the US. "Their wallets are under pressure, their watches are under pressure, but Gen Xers may be more likely to spend money to save time as we move into a period of wealth transfer and increased earnings."

Companies are already building products and experiences tailored to the watch and wallet of this time-starved generation. The accelerating adoption of subscription services, automated reminders, digital personal assistants and time-management tools powered by artificial intelligence (AI) has begun to address this time crunch. The battle to engage Gen Xers will play out in smart homes connected to the internet of things, voice platforms that emerge as a cutting-edge alternative to handheld devices and



1 in 2

Gen Xers say their work schedule doesn't leave enough time for personal and/or family life

“

I want to retire, but at present, we do not know the exact time, date, we can retire. ”

Qiurong, 40, Beijing, China

AI-powered virtual assistants that help manage all aspects of our lives, not just our diaries. Gen Xers will invest in technologies to make their lives smarter, while baby boomers primarily spend to make their lives easier.

Organizations that can harness data, analytics and technology to become, in part, a program manager for consumers' lives can bring balance to the watch-wallet dynamic of Gen Xers and create tangible value. By aggregating and simplifying the complexities of Gen Xers' lives, those organizations will be well placed to tap into the growing wealth of this at times overlooked, yet important, group of consumers over the next few decades.



Behavior transfers between parents and their children are happening more rapidly than in the past, much like parents taught and influenced their children, children are teaching and influencing their parents. Technological improvements and economic realities increasingly intertwine generations and, as a result, are accelerating the rate of technology adoption. While this same phenomenon is occurring between baby boomers and their millennial children (profiled in our inaugural edition), the echo effect between Gen X — ranging from their 40s to mid-50s — and Gen Z — in their teens — has unique nuances, which are playing out in unexpected ways.

According to a 2017 study conducted by the University of New South Wales Business School, examining responses from five countries, Gen X was the first cohort to experience both parents working, becoming known as the first latchkey generation, in part due to their mothers entering the workforce in increasing numbers. Many felt like they were on their own, seeking parental attention. As parents themselves now, are they overcompensating for having been on the receiving end of parents who were not around? Or do they just perceive the world to be less safe?

Their Gen Z children are spending less time away from home and more time online — consider that a 2016 research study conducted by the National Trust found that children in the UK played outdoors for an average of four hours a week, significantly less than their parents who played outdoors for 8.2 hours when they were children. This is primarily attributable to technological development, including new media of entertainment, social media and online gaming.

Gen X and Gen Z: The alternative echo effect

Gen Zers are influencing their Gen X parents, and Gen Xers are influencing their Gen Z children — and an alternative reality is emerging

“

Back in the day, you went outside and you didn't come home until it was dark. And now, [my children] grew up and I was afraid, even though I was in a safe area. Now, you are with your children all the time. You are always watching. So they didn't have that freedom. I guess that's what this internet thing is; it's like freedom ... ”

Aimee, 49, Frisco, TX, US



Screen-time generation

In the Western world, Gen Xers were heavily influenced by peers, movies and television, and were one of the first generations to grow up on video games and affordable home computing consoles. Because many Gen Xers are comfortable with gaming, they let their children play games. As a result, we are seeing games and gaming, albeit in a different and increasingly alternative reality, playing such a prominent part in their children's social lives. Through a combination of wanting to protect their children and entertain them, Gen Xers have created the conditions for Gen Z to flourish in an alternative reality world.



36%

of parents in our survey said their children influence their purchases of electronics often or all the time



I don't know if my childhood was carefree, or if our parents were a bit less worried or if they were showing it a bit less. But I worry for the next generation; this is all they've known. My children don't understand that in the past there were no iPhones, that at some point there were no telephones at all ... ”

Martine, 42, Paris, France

With today's social media-fueled pressure to *be* somebody, new-age gaming is enabling our newest generation to form and live part of their lives through self-curated online identities. For Gen Z, social media is no longer about Snapchat, Instagram and the like. Take the latest gaming blockbuster *Fortnite*, that while being a free-to-play game, makes more money than any other games, including \$300 million in 'in-game' sales in a recent month. *Fortnite* is a virtual place where Gen Zers, many of whom have not yet come of smartphone or driving age, can socialize. It's become the place to hang out, the new playdate: *Minecraft* on steroids. And it's shifted the focus of many teen wallets from physical things to virtual, such as skins (head-to-toe new virtual identity), emotes and dance moves to convey their feelings or "just style on your opponent".

And why is this important? It's their identity and it's driving them to spend real money in a virtual setting, on add-ons that have nothing to do with game play, to improve their alternative selves, who they are and how they look, and at the same time fostering their interest in similar styles and fashions in the real world.

Just digital

Gen Zers are not just digital natives, they're *just* digital in utter ubiquity. They have multiple devices and have to adapt rapidly as new technology breaks through. They don't watch traditional television in nearly the same way as their predecessors. They're savvy about media, where to get it and how to consume it on their terms. They also use multiple devices at the same time, gaming and watching multiple shows simultaneously, toggling back and forth between both devices and content.

As a result, the media landscape is getting far more complex, mixing realities across games and movies. There is a whole new generation of celebrities from Instagram and YouTube to *Fortnite* stars. Little Lizard and Tiny Turtle are YouTube stars who created stories inside *Minecraft* about a movie, and have now shifted to creating stories and games inside *Fortnite*. Gen Zers watch YouTube shows on one device, play games on another, and mix between big screens and little screens, living in a multi-device, multi-media, multi-fantasy world.

Mixed reality

We're witnessing a combinatorial explosion of stories, worlds and devices, and social lives are getting merged and remixed. The world of movie tie-ins, such as *Star Wars* toys, is being completely upturned. Games become movies, movies have games inside them, YouTube remixes games and movies using *Minecraft*, LEGO makes *Minecraft* sets, toys become games and then become movies, back to games. If the medium is the message, the medium is getting remixed and altered in real time.

Is this generation fundamentally changing the face of media, entertainment, fashion? And what are the potential implications for media and entertainment companies? *Fortnite* gives a glimpse of the implications of a generation of youngsters brought up on *Minecraft*. If millennials were digital natives and wanting everything as an experience, Gen Z, supported and financed by Gen X, want the ability to curate, craft, design, and remix all media and experiences. Media needs to be cross-device, cross-story and cross-experience. The movie tie-in is quaint; the game-to-movie, back-to-game,



10.1

The mean age that parents in our survey gave their first child access to social media

to-YouTube, to-toy, to-fashion tie-in is the new normal. And it's bringing new meaning to the world of mixed reality.

Gen Zers also play an influential role with the household wallet. They feel they have a voice and a right to express it, and they use it in all aspects of their lives online or offline. They don't just develop; they also share strong opinions about their likes and dislikes, and are not afraid to express them beyond the tap of a smartphone or an emoji. They're exposed to so much more of the world, in all its guises, than any preceding generation and are more familiar at navigating the modern deluge of information than their parents, consequently making them a more conscious, if not anxious, consumer. And this connected, self-aware and cognizant consumer has influence far beyond their own nascent wallet: "My kids make my shopping list for me."



I think it may be more difficult for my children to copy the access to online information. Because in the future, they will be using a lot of new devices and they have to adapt to every technology. ”

Biwan, 31, Beijing, China



The Gen Z perspective

“

At school my friends ask who is going to be on *Fortnite* tonight and we arrange what time we'll play. I really like playing *Fortnite* on my Xbox so I can still talk to my friends after we've left school and it feels like they're next to me. It's funny when it glitches sometimes and it switches my loot up with my friend's. I'm a character called Ragnork. He's tier 100, so the highest tier you can get. I'm really proud I got that as I haven't been playing it for long. ”

Thomas, 10, Leeds, UK

“

Fortnite is fun because I get to play with my friends and sometimes I watch videos while I am doing it because they are funny. ”

Davis, 10, New York, US

“

I am very attracted by screens. I love video games because I have the feeling to do something concrete, I am active. Whereas I am passive in front of the TV. I love playing *Fortnite* because I always want to win more, to win new levels, to become stronger. It is a very addictive game. ”

Jean-Baptiste, 10, Paris, France

“

When my mum says we can go on electricals I go on my iPad. I like playing games like *FIFA Mobile* and *FUT Draft* (football games). I've got a 92-rated team on *FUT Draft* that I think is really good. When I'm bored of the games I switch to YouTube because there are lots of funny things to watch. I like watching ChrisMD opening [FIFA] packs because he always gets the rare cards. I wish I was allowed to have my own YouTube channel like him. I make videos of me opening packs to pretend. ”

Charlie, 8, Leeds, UK

“

The status symbol for technology would not be an iPhone, as such. It's all about the cool apps because in the end it's about connectivity. If you have Facebook, Instagram, WhatsApp, then you're in the cool lingo these days. ”

Mansour, 17, Abu Dhabi, UAE

“

I watch media on my phone, laptop and desktop. My favorite type of media is social media because I can talk to my friends on it. The media I watch most is probably YouTube because I can just watch it, or video games on my PC because I can play with my friends. ”

Oliver, 13, Ottawa, Canada

“

When my brother is not there, I love playing video games because I can play alone and I still have the feeling to be active. I do appreciate the touch screen. ”

Mathilde, 9, Paris, France

“

Definitely Douyin, it's quick, it's funny, and it has something for every taste ... it is super addictive. I can also upload my own content and instantly it will generate a lot of likes. At the end I learn nothing and it's all quite useless but I cannot stay away from it ... ”

Tim, 14, Beijing, China

“

Kids like *Fortnite* so much because it is an enchanting game with a goal of getting a 'Victory Royale' [meaning last team surviving]. It is extremely hard so kids want to keep playing. There are rewards for more playing time like skins that you can put on your character. They are constantly updating the base storyline so that it is almost like a movie. ”

Carter, 13, Greenwich, CT, US

“

I like *Minecraft*. *Minecraft* is like LEGO: I can use my imagination to build my own world, there are no limits. I especially enjoy playing together with my friends. It is fun. ”

Jarred, 7, Shanghai, China

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