



## Thought Leadership in Action for Life Insurance

### Preparing for the Next Generation: Selling Life Insurance to Generation Z



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Now that millennials are getting older, building careers, and starting families, a new generation of Americans is beginning to take center stage. Born between 1996 and 2012, Generation Z (Gen Z) makes up a significant portion of the U.S. population — just over 67 million in 2019.<sup>1</sup> Gen Z has inherited a world shaped by technology, the great recession, and now the COVID-19 pandemic.

Unlike previous generations, about half of Gen Z has an ethnically diverse background. Approximately 25% of Gen Z Americans are Hispanic, while another 25% identify as Black, Asian, or another ethnicity.<sup>2</sup>

As more of Gen Z graduates college and begins to enter the workforce, a new wave of consumers is emerging with unique values and perspectives. To connect with this new generation, financial professionals\* may need to develop a deeper understanding of what motivates Gen Z buyers and how their behaviors will shape the increasingly digital marketplace of the future.

#### Gen Z Is More Educated, and They Know What They Want

Generation Z is on track to exceed the educational attainment of previous generations. Looking at high school dropout rates, the difference is clear. Half as many Gen Z dropped out of high school in 2017 as millennials did in 2002.<sup>3</sup>

- 1 Source: "Resident population in the United States in 2019, by generation." Statista Research Department. January 2021. <https://www.statista.com/statistics/797321/us-population-by-generation/>
- 2 Source: Kim Parker and Ruth Igielnik. "On the Cusp of Adulthood and Facing an Uncertain Future: What We Know About Gen Z So Far." Pew Research Center. March 2020. <https://www.pewresearch.org/social-trends/2020/05/14/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far-2/>
- 3 Source: Richard Fry and Kim Parker. "Early Benchmarks Show 'Post-Millennials' on Track to Be Most Diverse, Best-Educated Generation Yet." Pew Research Center. November 2018. <https://www.pewresearch.org/social-trends/2018/11/15/early-benchmarks-show-post-millennials-on-track-to-be-most-diverse-best-educated-generation-yet/>

\* In order to sell life insurance products, a financial professional must be a properly licensed and appointed life insurance producer.

*“As consumers, Generation Z wants to support companies that directly improve the world around us.”*

In addition, more individuals from Gen Z are entering college than their predecessors.

While only 44% of Generation X entered college after high school, nearly 60% of Generation Z were enrolled in a university by 2017.<sup>4</sup> The most significant difference in educational attainment between millennials and Generation Z can be seen in the Hispanic population, with college graduation rates increasing by more than 20% compared to the previous generation.<sup>4</sup>

With more education, the post-millennial generation is more critical of the products and services they purchase. In fact, one recent study found that nearly a third of Gen Z shoppers will avoid buying from a company that doesn't align with their views on social issues.<sup>5</sup>

With growing momentum for environmental change and economic equity, financial professionals can broaden their reach to this younger generation by playing a more prominent role in supporting progressive initiatives. As consumers, Generation Z wants to support companies that directly improve the world around us. They continue to demonstrate loyalty to brands that speak to their values and remain committed to corporate responsibility.

### **Honesty Is the Best Policy**

Generation Z can see through most conventional marketing strategies and prefers authentic content to cookie-cutter promotions. Instead of being pitched content, they want to discover businesses on their own and often consider the experiences of actual customers when shopping.

Nearly 70% of Gen Z respondents reported a preference for researching reviews online before making a purchase.<sup>6</sup> This implies that insurance companies that consistently give better customer service and remind customers to leave a review for positive service may connect more easily with Generation Z.

Advertisements with paid actors have less influence on the buying decisions of the new generation, as 84% reported trusting businesses that feature real customers in their advertisements.<sup>5</sup>

When selling insurance to Generation Z, taking an honest and straightforward approach can be the most effective option.

4 Source: “Post-Millennials are more likely to be enrolled in college than older generations.” Pew Research Center. November 2018. [https://www.pewresearch.org/social-trends/2018/11/15/early-benchmarks-show-post-millennials-on-track-to-be-most-diverse-best-educated-generation-yet/psdt-11-15-18\\_postmillennials-00-06/](https://www.pewresearch.org/social-trends/2018/11/15/early-benchmarks-show-post-millennials-on-track-to-be-most-diverse-best-educated-generation-yet/psdt-11-15-18_postmillennials-00-06/)

5 Source: Mary Ellen Dugan. “Gen Z Doesn't Want to Buy Your Brand, They Want to Join it.” AdAge.com. April 2019. <https://adage.com/article/wp-engine/gen-z-doesnt-want-buy-your-brand-they-want-join-it/2163281>

6 Source: Sammy Nickalls. “Gen Z Buying Influenced by Peer Recommendations.” Smart Brief. April 2019. <https://www.smartbrief.com/s/2019/04/gen-z-buying-influenced-peer-recommendations>

## How Technology Influences the Gen Z Shopper

Advancements in mobile devices and wireless internet over the past 20 years have forever changed the way people communicate. Having grown up surrounded by innovation, Gen Z is more familiar with technology than any generation before them.

Data shows 37% of teens reported consuming YouTube content on a daily basis and another 85% are regular Instagram users.<sup>7</sup>

Businesses that engage with customers through online communities likely receive a greater response from Generation Z. Brief, visually appealing explainer videos can help to simplify the ins and outs of life insurance for them in an exciting and concise format. Life insurance companies may also attract increased engagement from the new generation by optimizing website response times and improving upon mobile optimized applications.

Generation Z wants to be heard by the companies they support, and social media offers an invaluable forum to facilitate that communication. Businesses that establish a strong online presence may be more likely to develop lasting relationships with the Gen Z consumer. For life insurance providers, knowing how to leverage digital platforms and mobile technology is essential to building brand recognition and trust with the next generation.



## Selling Life Insurance to Generation Z

With the oldest members of Gen Z turning 26 this year, it's no surprise that many are putting life insurance on the sidelines for the time being. A recent survey found that among Gen Z respondents, 50% currently do not have a life insurance policy.<sup>8</sup> The workings of life insurance and the time commitment needed to apply are among some of the obstacles preventing some from buying a policy.

Generation Z can have a profound impact on the way businesses think about their customers. Financial professionals can stand apart from the competition by using digital media to get a wider reach and build brand recognition. Increasing transparency with customers can also add credibility. With the tips outlined here, you can make buying life insurance more attractive to this burgeoning generation.

7 Source: "Piper Jaffray 38th Semi-Annual Taking Stock with Teens® Survey, Fall 2019." Piper Jaffray & Co. October 2019.

[http://www.pipersandler.com/private/pdf/TSWT\\_Fall\\_2019\\_Infographic\\_11x17.pdf](http://www.pipersandler.com/private/pdf/TSWT_Fall_2019_Infographic_11x17.pdf)

8. Matt A.V. Chaban. "Why Aren't Millennials Buying Life Insurance?" IBM. March 2020.

<https://www.ibm.com/blogs/industries/millennial-life-insurance-ibm-ix-survey/>

The primary purpose of life insurance is to protect the policy beneficiaries from the adverse financial consequences of the insured's death.

*Pacific Life is a product provider. It is not a fiduciary and therefore does not give advice or make recommendations regarding insurance or investment products.*



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