

How can understanding
the influence of
Gen Z today empower
your tomorrow?

2023 EY Gen Z Segmentation Study



The better the question.
The better the answer.
The better the world works.

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Mapping out the next five years has become a complex puzzle riddled with ambiguity. Leaders in business and government are moving into a new era where seismic shifts will increasingly become the norm as the long-held promises – and warnings – of artificial intelligence move into the mainstream and change the world as we know it.

At the same time, leaders are facing social and economic issues that are directly and indirectly impacting their organizations' viability today and in the long term – climate crisis, financial uncertainty, major health crises and record suicide rates.

Gen Z was born into this environment, and they can see that past behaviors and societal norms contributed to the challenges we all now face. And they are focused, often unknowingly, on breaking unhealthy or harmful generational patterns. With this we are seeing rapidly changing views on wealth, equity, consumerism, work, family and relationships.

They know that what got us here won't get us where we need to go.

To help grow our collective understanding of this diverse and complex cohort, Ernst & Young LLP surveyed a representative sample of more than 1,500 Gen Z across the United States, building on the knowledge we have gained in past generational studies dating back to the early 2000s.

Key findings:

- ▶ **Money is increasingly important to Gen Z** (including how and where they make it).
 - ▶ Gen Z is **challenging the status quo and changing how success is defined**, transforming the consumer landscape and workforce in the process.
 - ▶ While Gen Z is laser-focused on creating a better future for themselves and others, they are also undergoing a **crisis-level battle with mental health – including a high level of concern for people other than themselves**.
 - ▶ Examining the **evolving nuances within the generation** – what we dub the five Gen Z segments – is key to maximizing the full impact of this diverse generation, especially as they mature into new life stages.
-

We highlight these and more on the following pages. This report and all the related work we do would not be possible without the support of EY leaders who continue to advocate for the societal lens that helps our clients see the future more clearly, our Generational Dynamics Team's ongoing efforts, and the brainpower of our Gen Z Taskforce – over 30 EY associates who are in (or near) the Gen Z-age cohort. We continue to understand the power of Gen Z through your eyes.

As always, Gen Z continues to surprise us. As with the understanding of any diverse and complex topic, continuous learning is the only way forward.



A handwritten signature in white ink, appearing to read 'Marcie Merriman', with a long horizontal line extending to the right.

Marcie Merriman

Managing Director, Ernst & Young LLP
EY Americas Cultural Insights and
Customer Strategy Leader



Who is Gen Z, and what don't you know about them?

For generation after generation, the eye rolls and scoffs about “kids these days” have dominated American headlines and dialogue anytime youth is the topic of public conversation. But for Gen Z, today’s 16- to 26-year-olds (born between roughly 1997 and 2007), who likely had a smartphone in their pocket before puberty, the “kids these days” really are dramatically different from any generation that preceded them.

Gen Z has come of age in an era of seemingly constant turbulence and uncertainty, shaping their views on how the world is supposed to work. Their childhood was marred by 9/11, school shootings, a polarized political landscape, corporate scandals (e.g., banking collapse, #metoo), COVID-19 lockdowns, war and fluctuating economic environments. Thanks to those smartphones, they had a front-row seat for it all, forming a very “adult” outlook on life even in their young years.

While seemingly small in proportion to prior generations, making up only 14% of the US population,¹ Gen Z outpunches their weight in influence. They are rapidly entering the consumer market and workforce, and are bringing high expectations of intentionality and inclusion with them.

What Gen Z does and how they think are already dramatically influencing our institutions, shifting societal norms and demanding that businesses venture into uncharted territory.

But Gen Z is not a monolith. They are the most diverse generation to date, not only in demographics, but also in their attitudes and beliefs. In 2019, [the groundbreaking EY Gen Z Segmentation Study](#) identified five groups, or segments, of Gen Z, each with different motivations, goals, priorities and dreams. [A second study was performed in 2021](#), one year into the COVID-19 pandemic and lockdowns, exploring how the first year of the pandemic had affected their values, beliefs and desires. Now in the third study, this 2023 edition, we are able to capture the continued trajectory of change for this influential generation.

Source

¹ EY analysis; UN Population Division World Population Prospects 2021, published July 2022.



Born **1997-2007**

In **2023** they range in age from **16 to 26 years old**

14% of the US population

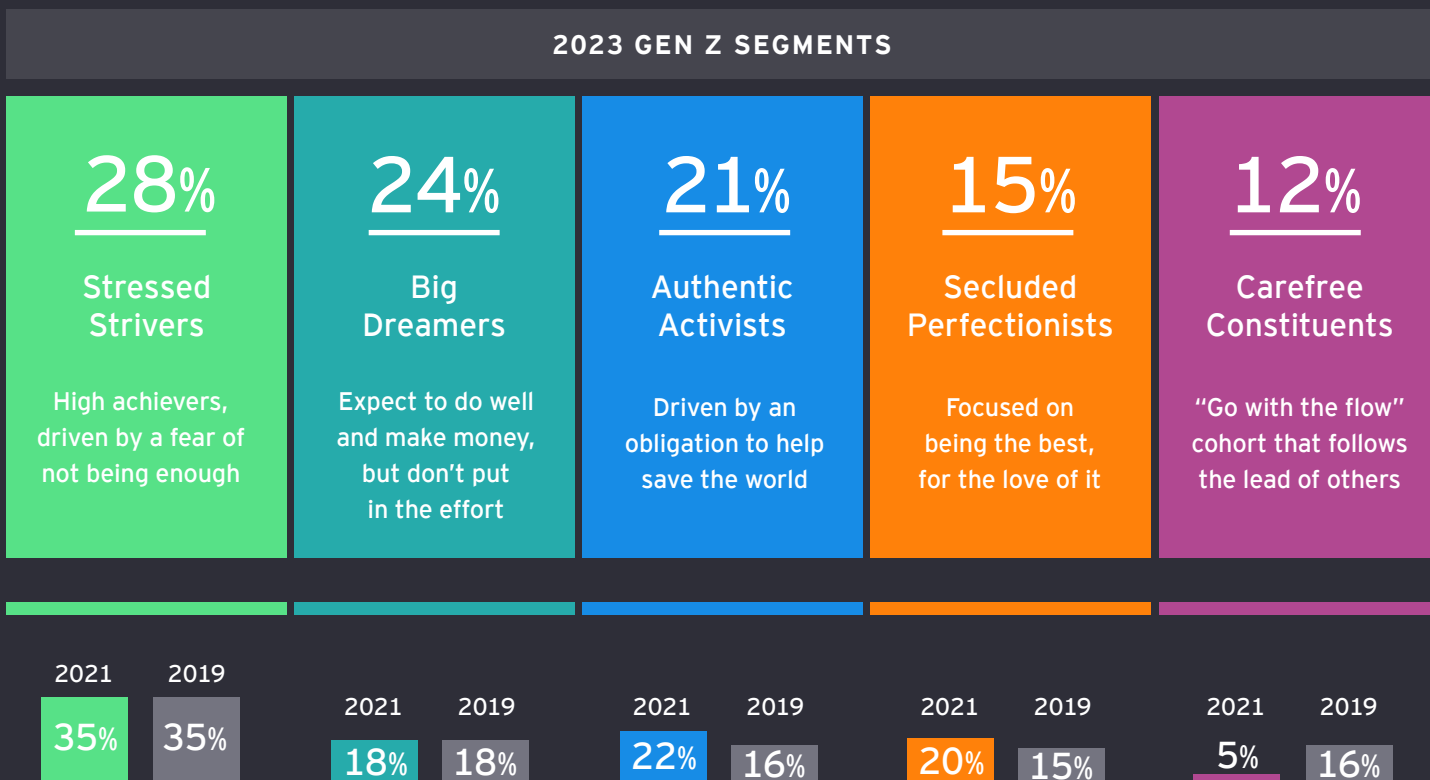
Totaling **48.6m people** in the US²

Source

2 EY analysis; UN Population Division, World Population Prospects 2021, published July 2022.

Gen Z segments (by study year)

EY has been following five Gen Z segments since our inaugural study in 2019,³ each with different motivations, goals, priorities and dreams.



How is Gen Z changing?

The EY 2021 study revealed a marked uptick in Secluded Perfectionists and Authentic Activists, likely attributed to the added influences of COVID-19 lockdowns and social unrest. The 2023 results show some notable shifts. Big Dreamers captured their highest percentage yet, while Carefree Constituents and Secluded Perfectionists reverted closer to 2019 figures. Stressed Strivers are still the dominant segment, but with a slightly smaller margin, and Authentic Activists seem to be here to stay.

In these shifts we are seeing evolving views of what "success" looks like in life, and what qualities this generation will value most in the businesses they buy from and work for.

Gen Z will require multiple solutions. Businesses that fail to understand the nuances inherent in this generation will lose precious time and countless dollars chasing loyalty they will never attain. But those that recognize the value in the diversity of Gen Z can gain market relevancy and competitive advantage.

Source

³ The [2019 EY Gen Z Segmentation Study](#) and [2021 EY Gen Z Segmentation Study](#).

A woman with blonde hair tied back, wearing large black headphones and glasses, is sitting at a desk in a high-rise office. She is focused on her work, with her hands on a silver laptop. The office has large windows that offer a panoramic view of a city skyline, including the Empire State Building. The lighting is warm, suggesting late afternoon or early morning. The overall mood is professional and productive.

1

Gen Z is increasingly worried about money

“

There is nothing wrong with saving money and planning for the future.

– 25-year-old female **Secluded Perfectionist**

Gen Z is a no-nonsense generation that applies a pragmatic, future-oriented filter to finances, career and consumerism. As our 2023 study shows, they appear to be getting even more practical as they age into adulthood and the realities of financial independence become all the more real.

Less than a third of Gen Z (31%) feel financially secure, rating their present financial situation as good or excellent. Most in Gen Z (69%) rate their current financial situation as only fair or worse, with 32% rating their current finances as poor or very poor. This is an eye-opening insight, considering more than half of Gen Z (52%) also indicated they are very or extremely worried about not having enough money – the highest increase among any of their critical concerns since 2021.

Thanks to the technology they hold in their hands, Gen Z has gained an awareness and ability to learn at a rate unimaginable to past generations. They are more aware of financial realities and feel an urgency to catch up to a destination still undefined. This is accelerating financial concerns usually reserved for later in life (i.e., Am I saving enough? Will I be able to buy a home? Will I be able to afford having a family?).

Furthermore, Gen Z is breaking the taboo surrounding discussions about money. Gen Z is putting financial discussions on the table, along with gender, sexuality and social inequity – other once-taboo topics hidden from the mainstream dialogue. Their openness is forcing businesses to rethink how they address emerging concepts like fiscal coaching, salary transparency and financial wellness.

While they are concerned about having *enough* money, they are less focused on having *a lot*. Compared to millennials at a similar age, Gen Z teens in 2021 were less likely to believe that they will become rich in the future (63% and 51%, respectively).⁴

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Something that society considers uncool that I think shouldn't be is doing something for money rather than passion.

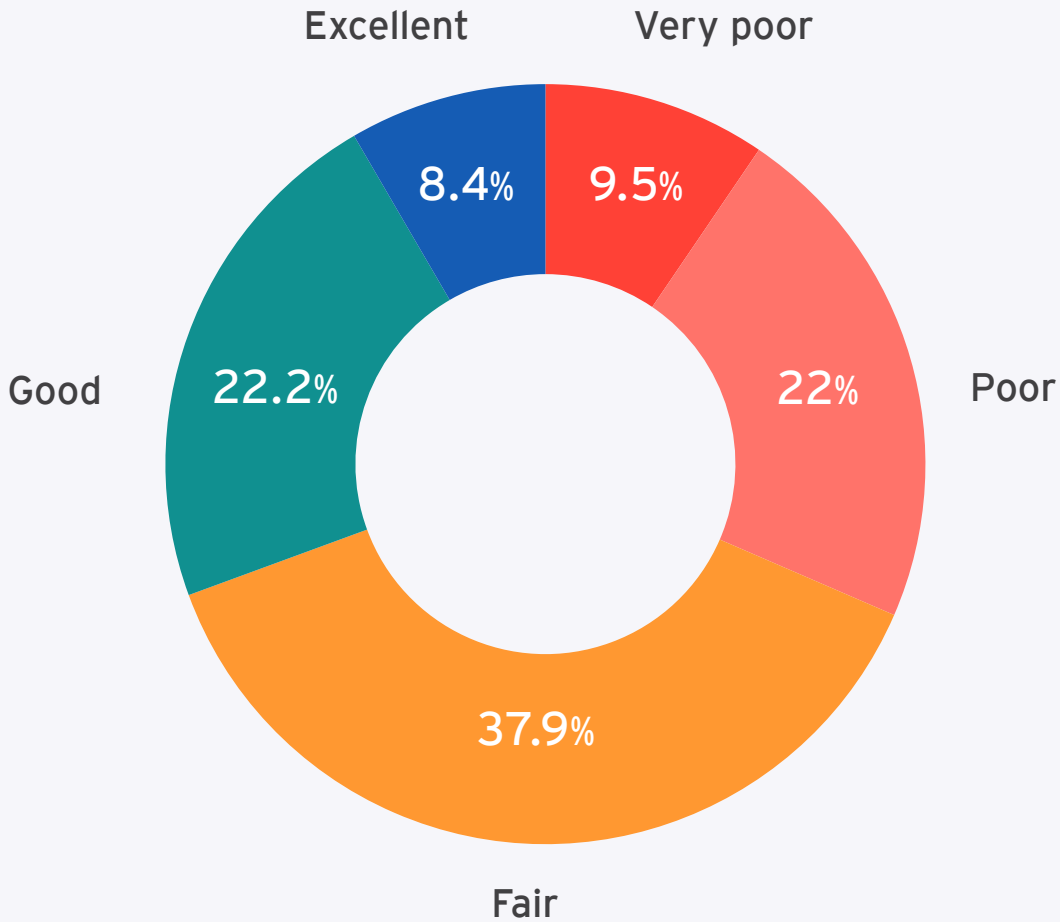
– 18-year-old male Big Dreamer



Source

4 The Washington Post/Ipsos survey of 1,349 teens 14 to 18 in 2021, and 570 teens 14 to 18 years old in 2005.

More than two-thirds of Gen Z rate their current financial situation as "fair" or worse.



Subgroups *more likely* to report financial situation is good or excellent:

- Stressed Strivers**
- Higher socioeconomic status
 - Black
 - Conservatives
 - South
 - Heterosexual

Subgroups *less likely* to report financial situation is good or excellent:

- Big Dreamers**
- Northeast
 - Midwest
 - Liberals
 - Moderates
 - Middle socioeconomic status
 - Lower socioeconomic status
 - "Other" race or ethnicity (not White, Black, Asian or Hispanic)

Gen Z is worried about their **financial security** and **what to do** with money.

Financial uncertainty

52%

very or extremely worried about **not having enough money***

*Highest increase of all worries since 2021

Money anxiety

39%

very or extremely worried about **making the wrong choices** with their money



“

Not having any interest in climbing the corporate ladder should be accepted. Everyone is different, and we should celebrate individual differences instead of jamming people into societal molds.

– 23-year-old male Authentic Activist



“

I think you'll see more and more multigenerational homes in the coming years as home prices rise and climate change and carbon footprints become more known.

– 17-year-old female Authentic Activist

They instead favor financial realism, and are educating themselves on how to approach everyday monetary health. Many within Gen Z are worried about making the wrong financial decisions. More than a third (39%) said they are very or extremely stressed or worried about making the wrong choices with their money. As a result, they are increasing their financial literacy in search of practical solutions. They are looking to friends and family, social media (e.g., “FinTok”) and the internet writ large to educate themselves about money management and their financial futures.

This is producing a generation of savers and investors looking to optimize what they earn – no matter how they earn it. When asked what they would do if they were given \$100, all five Gen Z segments said they would put the greatest proportion of the \$100 to savings.

Interestingly, most of Gen Z also said they would invest or donate a small portion of such a gift, indicating that they are thoughtful about the impact of their money and how they can grow it or use it to help others.

All of this makes sense, considering the cost-of-living crunch that Gen Z currently faces. Compared with past generations, the cost of goods and services have not evolved homogenously.

“Compared with the 1970s, the relative price of goods excluding energy and food has decreased by about 50%, but the relative cost of services has increased about 40%,” says Gregory Daco, EY-Parthenon Chief Economist, Strategy and Transactions. “More concerningly, the relative cost of education has increased by about 200% since the 1970s.”



Gen Z is worried about making the wrong financial decisions.

“

With inflation surging to its highest level since the early 1980s, Gen Z is experiencing unprecedented prices increased against most goods and services categories, and wage growth is only now starting to outpace inflation, so that wages adjusted for inflation have essentially stagnated over the past four years.



Gregory Daco

EY-Parthenon Chief Economist, Strategy and Transactions




Gen Z is inclined to save as much as they spend.

What would Gen Z do if they were given \$100?

Save	Spend	Invest	Donate
\$42.53	\$36.45	\$13.96	\$6.94
	Subgroups more likely to spend:	Subgroups more likely to invest:	Subgroups more likely to donate:
	<ul style="list-style-type: none"> Carefree Constituents Big Dreamers 	<ul style="list-style-type: none"> Stressed Strivers 	<ul style="list-style-type: none"> Stressed Strivers Authentic Activists

Dollar amounts may not total 100 due to rounding.



Normalizing multiple sources of income is an important differentiator of this generation.

Earning money through multiple channels is the new norm

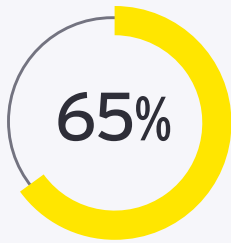
Driven by a need to get ahead in life, Gen Z is not afraid of work. Nearly two-thirds of Gen Z were employed in a part-time or full-time job last year (65%), while 56% of all Gen Z earned money from freelance or “side hustle” work. Perhaps most astounding – 39% of all Gen Z earned money working both a job and a side hustle. They don’t need to be told or taught how to bring in revenue – Gen Z are selling clothes online, creating art, and providing in-person and virtual services. Their digital upbringing opens up a plethora of financial access points (beyond the standard babysitting, newspaper route and other “traditional” youth income streams) that simply didn’t exist for past generations at such a young age.

Nearly half of Gen Z (42%) say they are also very or extremely likely to start their own business someday, only slightly lower than we saw in the 2021 survey (46%). Those who are Black or Hispanic are more likely to say starting their own business is a high possibility, along with older Gen Z (age 22 to 26) and the Stressed Striver segment.

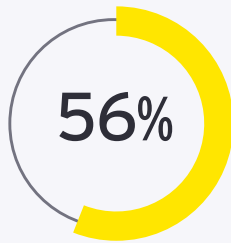
To Gen Z, finding ways to create income is their stepping-stone to generating financial wellness

For Gen X and older generations, having a side job was a source of shame, often done out of desperation to make ends meet and to just get by. Companies who found out employees were making money elsewhere felt they were being cheated, interpreting an additional income stream as a signal that the employee wasn’t devoting themselves to their company.

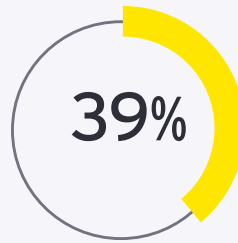
Millennials, on the other hand, coined “the side hustle” and launched the gig economy, chasing their passion projects and pocket money on the side, for the most part as an extracurricular in addition to their “day job” (with, of course, myriad success stories that became full-fledged thriving companies).



**Earned money
working a part-
or full-time job**



**Earned money
working freelance or
“side hustle” work**



Did both

For Gen Z, earning money from multiple sources is a way to hedge their bets. They see it as a pragmatic decision and a symbol of independence. It is not necessarily based out of necessity or passion – it is viewed as the smart thing to do and a way to maximize time spent outside what may look like more traditional career paths. But these “side” income streams are not necessarily less important than the role that provides the primary source of income. In fact, Gen Z may just put as much effort and output into their side gigs as they do working for their employer. Some are only holding onto their “normal” jobs because of health benefits. After all, the oldest Gen Z are just now reaching the age where they can no longer be on their parents’ medical benefits.

Employers should recognize this distinction, and understand that while they will never have 100% of Gen Z’s dedicated time, these early-career workers are fully wired to give their full-time job 100% effort while also managing their side streams. Mandating loyalty or restricting additional sources of income could seriously limit the talent pool a business is able to attract and retain. For those who remain, restrictions could lead to less-motivated employees, forced to give up what may be their passion projects that fuel the creativity they bring back to their “day job.”

Remember, it wasn’t so long ago that the working world questioned the ability of women to do their job effectively as they got married or had children – some were even fired for it. In coming years, today’s restrictive view of an employee having multiple income streams in addition to their employer will be considered equally dated.

**Compared to two years ago,
more of Gen Z prioritize
making a lot of money, while
fewer prioritize being the best
at what they do and making
a difference in the world.**

Enjoying their work remains Gen Z’s highest priority (67%), as it has been in each of the three studies to date. Interestingly, “making a lot of money” had a notable increase between 2021 (32%) and 2023 (44%), landing as Gen Z’s second-highest work/career priority. It should be noted, however, that “making a lot of money” does not necessarily equate to becoming rich for Gen Z. In fact, becoming rich landed on the bottom of the pile in the ranking of their core values (fewer than one-third said it was very or extremely important to “become rich”). This is a stark comparison to millennials at the same age. In a [2006 Pew Research Study](#), roughly eight-in-10 millennials said getting rich was either the most important or second most important goal in their lives.

The increased focus on making money in this year’s survey can be attributed to a variety of factors, including the volatile economic and jobs climate they are currently wading through, a greater number of Gen Z entering the workforce, or simply because they are reaching an age where complete financial independence is an expectation (age 25 is the final year a dependent can be listed on their parents’ health insurance policy). For Gen Z, the aspiration toward greater income is not about the mansion or luxury car, it’s about survival and security.

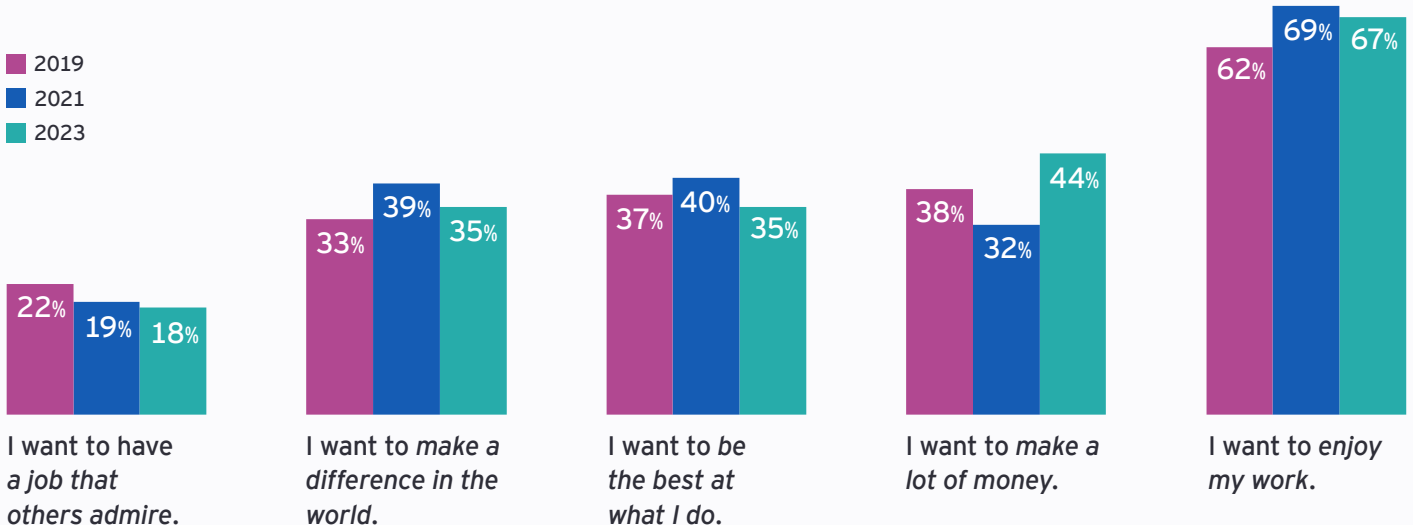
Gen Z seeks **job fulfilment** and **money** when it comes to their work choices.



With inflation on the rise, a potential recession looming and layoffs abounding in the corporate world in the first half of 2023, Gen Z are also playing it safe when it comes to their employment status in the coming year. Less than a third of Gen Z say they are highly likely to leave their current job in the next 12 months, with Stressed Strivers (the largest segment of Gen Z) the most likely to leave and Carefree Constituents (the smallest segment) the least

likely to leave. Because they are accustomed to multiple income streams, Gen Z may stick it out in jobs they aren't satisfied with longer during an economic downturn, since they don't necessarily have to leave their current employer to earn additional money elsewhere. They can continue to collect multiple paychecks while they sort out the future. Employment status is not as clear-cut as it was for past generations.

The following career attributes were ranked as first or second most important to Gen Z:



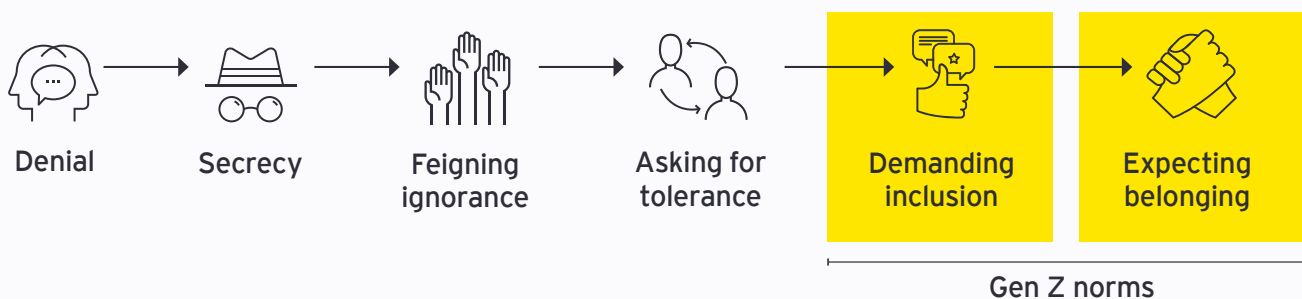
2 Gen Z is unbound by past standards and advocates for authentic belonging

Gen Z are professionals at destigmatizing what past generations considered to be taboo. Topics once considered uncool, unacceptable or even illegal are now openly voiced, often celebrated and part of mainstream dialogue. This includes anything from gender and sexuality to substance use, reproductive choices, finances, addiction and mental health (see more on this in the following section). Gen Z advocates for what they feel are not political issues, but human issues.

As a generation, Gen Z continues to fight societal pressures to conform to previous or outdated standards, even when they conflict with some of their peers (i.e., body image, relationships, definitions of success). They combat pressure by allowing their actions to speak for themselves: rejecting the climb up the corporate ladder, questioning why certain appearances restrict access to jobs, popularizing sober bars and reconceiving the use of gender pronouns.

Why the very public pushback against past constraints? For the great majority of Gen Z, being authentic and true to oneself is what they value most. More than 90% rated authenticity as very or extremely important. This is driving a backlash against “perfectionism,” or trying to conform to be like, look like and sound like the idealized versions of oneself shared through filtered selfies and retouched photos. Gen Z, instead, is increasingly embracing their authentic, *unedited* view of themselves and the world around them – and expecting others to respect them for the same.

Destigmatizing societal taboos



For Gen Z, it is equally important to clear the path to help others feel safe in expressing their true selves. This thinking is ever-present in their lives, not only in the workplace but the consumer marketplace as well. Company viewpoints influence Gen Z's decision-making, both from an employment standpoint and the companies they choose to support with their wallets.

Authenticity standards

91%

think it is very or extremely important **to be authentic, true to oneself**

For Gen Z, authenticity can't be manufactured, and they believe that a gap still exists between the needs of society and the capitalistic priorities of large companies.

Gen Z's rejection of past standards and their desire for authenticity is reflected in their pragmatic views on how they want to use their time and their life goals.

For example, Gen Z is calling into question the belief that college is a required step on the road to success. For many in past generations, college was the long-awaited escape from home and a chance to go make your own way, or party. For many Gen Z, college is either (1) unattainable financially or (2) just another fork in the road that will determine success or failure. Many young people are choosing trade schools over traditional degrees because they are more affordable and provide a clearer path to a job. According to National Student Clearinghouse Research Center, mechanic and repair trade programs saw an enrollment increase of 11.5% from Spring 2021 to 2022; construction trade course enrollment increased by 19.3%; and culinary program enrollment increased by 12.7%. Meanwhile, enrollment at public two-year colleges declined by 7.8%, and enrollment at public four-year institutions dropped 3.4%.

If established systems aren't working for them, Gen Z finds ways around it.



Gen Z doesn't trust large organizations to do the right thing

Trust is an issue for Gen Z. They're a generation of skeptics who aren't sure who or what is trustworthy in this world of social media, questionable sources and conflicting information. They crave authenticity and demand transparency, but don't think most companies or governments are doing a great job of giving it to them – yet. The mass introduction of artificial intelligence (AI) into their daily work and personal lives may create higher barriers to trust for this skeptical generation (see sidebar).

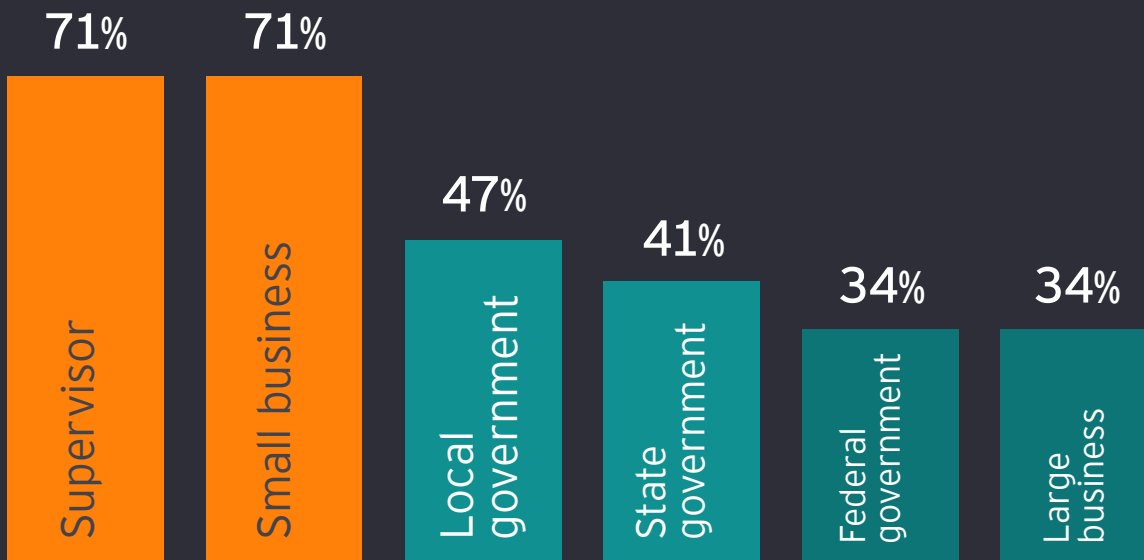
Two-thirds of Gen Z believe most people can't be trusted – so trusting a faceless, anonymous organization with no defined purpose is difficult for them most of the time. It is especially hard to put trust in big organizations, such as large businesses and federal government, as their immense power and lack of human connection make them seem like foreign concepts, too distant from reality to be trusted to do the right thing.

When asked how much of the time they think they can trust the following organizations to do what is right, large businesses and federal government scored significantly lower (34%) than smaller entities like state government (41%), local government (47%), small businesses (71%) and their individual supervisor (71%). The larger the organization, the more suspicious Gen Z are of their intentions.

67%

of Gen Z believe most people can't be trusted

Inherently skeptical, Gen Z reserves higher levels of trust for individuals and smaller or more local entities



The larger the entity, the less likely Gen Z is to trust them.



Will gen AI further diminish Gen Z's ability to trust?

The accelerated evolution of emerging technologies, like Web3 and generative AI (gen AI), is calling much of what we know into question. As organizations potentially move to more fluid and dynamic operating models in which AI executes on many of the day-to-day tasks (decentralized autonomous organizations, or DAOs), new *trust* considerations will also be required.

Gen Z has already been raised with a healthy skepticism around whether what they read and see on the internet is fact or conjured, and they bring this awareness of falsity into their consumer behaviors, workplaces and their daily lives. AI may serve as another barrier in Gen Z's ability to trust data from a personal, professional, legal and educational lens, creating a need for immutable records of what happened, why and for who. What data will society come to truly trust?

As gen AI continues to increase in both adoption and applicability, the human guardrails that monitor its efficacy must also grow in priority to mitigate the trust barrier. Many stories have surfaced in the recent past of gen AI acting in a way that is untrustworthy. "Hallucinations," where AI's autocomplete confidence actually churns out false information, or "deep fake" multimodal efforts, where bad actors use AI to simulate "real" video or audio evidence, are already hitting news headlines.

Like all emerging tech, there are good use cases and bad use cases. Nuclear material enables amazing advances in targeted medicine to eradicate cancer cells; it can also be used to make bombs. The technology doesn't change – it's what we choose to do with it. But unlike nuclear material, AI technology is available to all at an increasing rate, often for free and at your fingertips.

That's where the human factor comes in. "As AI technology advances, humans will move to roles of higher-level orchestration," Barrington adds. "The human traits of wisdom, judgment and ethics will be increasingly important moving forward in order to validate and substantiate the data and decisions that AI outputs."

Balancing the optimization and operational efficiencies of AI with the ethical and accurate deployment of these human-to-machine interaction models, and the trust barriers they create, will be the story of the next decade.

“

As we move into a world where machines may do most of the day-to-day operations of the business, or hospital or manufacturing floor, the human orchestration and guardrails of this machine-to-machine construct will be even more important.



Matt Barrington

EY Americas Emerging Technologies Leader

Gen Z advocates for the issues they feel are important, regardless of politics

Gen Z's political viewpoints haven't shifted much since the EY 2021 study, despite what media headlines may have you believe.

Although Authentic Activists (and to a lesser extent, Big Dreamers) are more likely to have opinions that place them on the liberal end of the political continuum, nearly half of Gen Z (42%, including those in the groups mentioned above) describe themselves as politically moderate. There are also nearly as many claiming to identify as politically conservative as politically liberal.

But despite their party neutrality, their activism and advocacy for the issues they consider important have not waned. More than three-quarters (76%) of Gen Z value trying to change things that are wrong with the world as very or extremely important, and they are vocal advocates in their quest for change in personal and professional aspects of life.


Issues such as racism, addiction, climate change and gun violence, which in the past would have been considered hallmarks of a conservative or liberal view, are simply "human" issues that don't necessarily fall into traditional political characterizations. A Gen Z who considers themselves conservative could believe in both gun control and protecting reproductive rights. Regardless of politics, they are pushing forward to enact change.

For Gen Z, politics don't incite action – humans do. Gen Z does not feel confident that leaders in politics or the C-suites have their best interest at heart. They want to be involved in creating new solutions to today's top issues, including helping those less advantaged than themselves. As a generation, Gen Z has had a lifetime of tools and resources past generations couldn't have even imagined. They have gained the ability to learn and influence others at an unprecedented rate.

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Society looks down upon people being themselves. They look down upon people yearning for community and connections and uplifting each other.

– 23-year-old male Authentic Activist



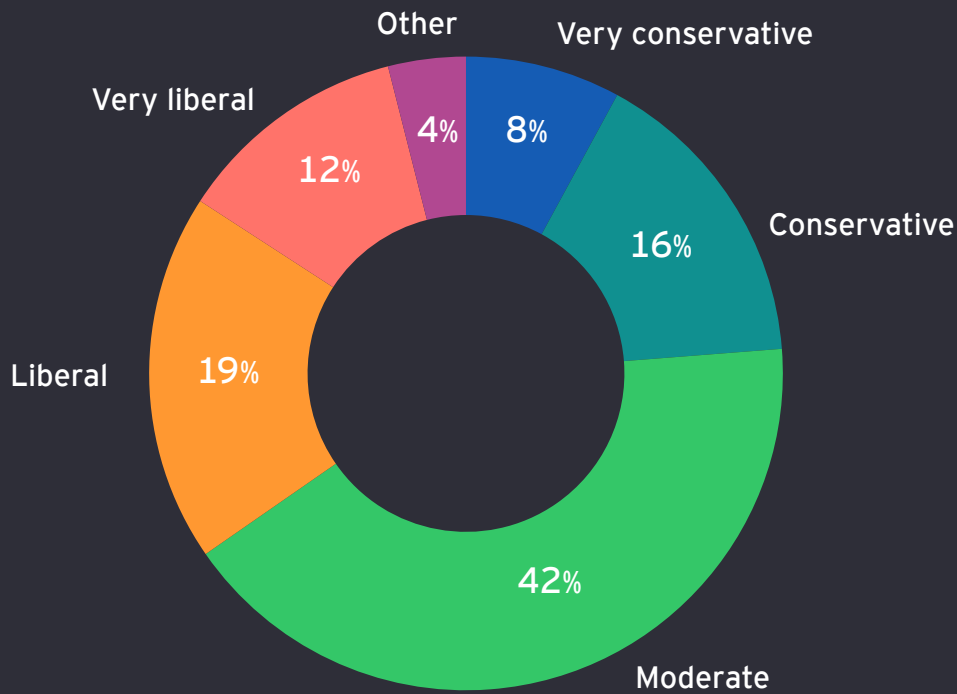


They are more empowered than past generations to incite change.

They are more empowered than past generations were at a similar age to incite change, and feel an obligation to use their power for the betterment of all.

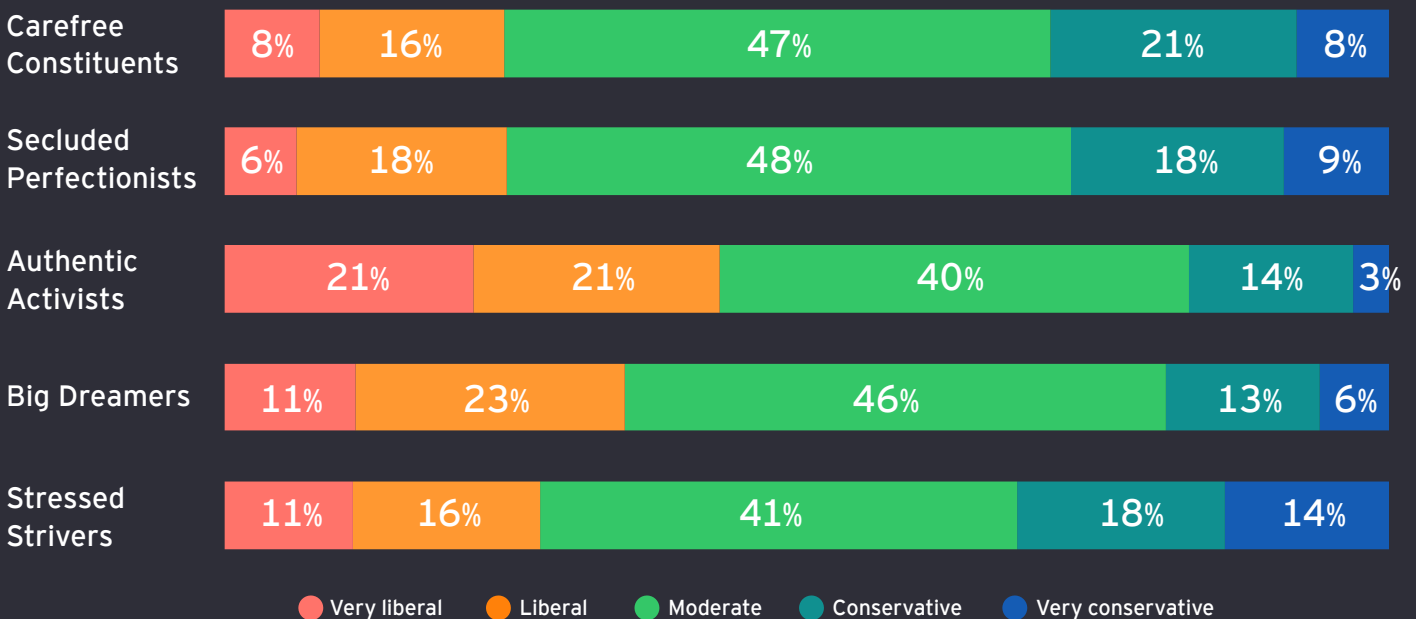
Over one-third of Gen Z (36%) have participated in a political rally or protest, signed a petition for a cause they agree with, or supported a political movement in the past year. Of those who partook, nearly half did this “a few times” and 11% said they did this daily. Is this dramatically different from youth of past generations, who were passionate about the causes of their time? Perhaps not. The difference for this generation, however, is that Gen Z is spreading those messages faster, farther and wider than youth of past generations. They are using social media as a platform for change, with just about half of Gen Z indicating they have used social media to share about a cause they support.

Gen Z is more politically moderate than society may expect

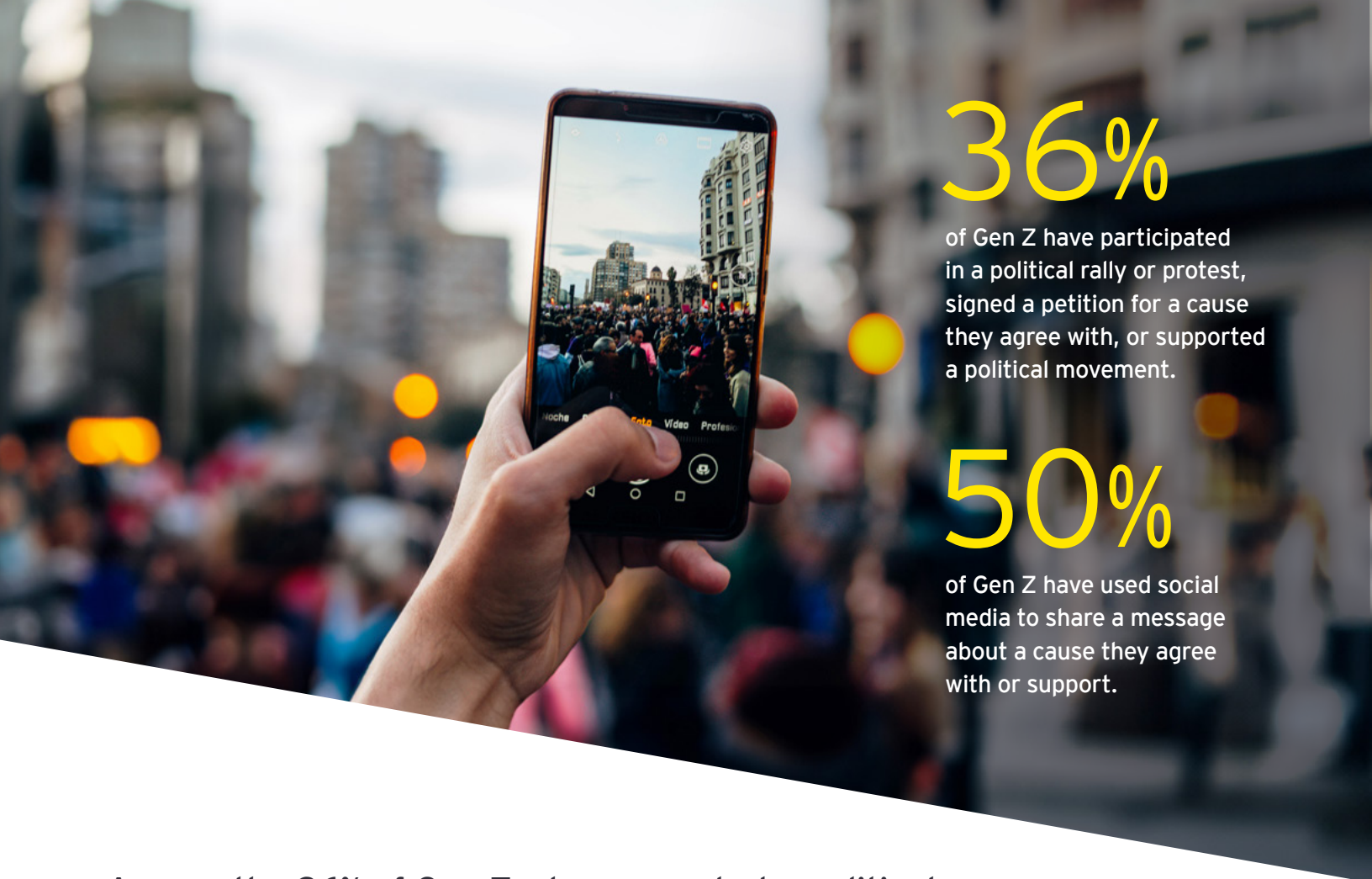


Percentages may not total 100 due to rounding.

Responses by Gen Z segment



Percentages may not total 100 due to rounding.



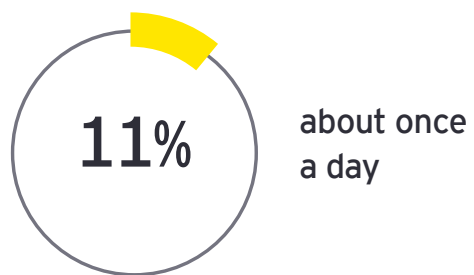
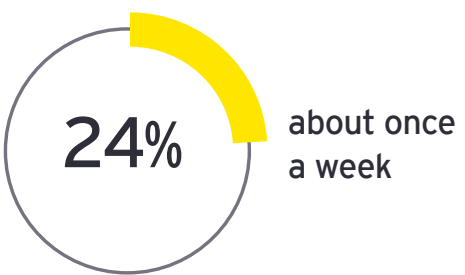
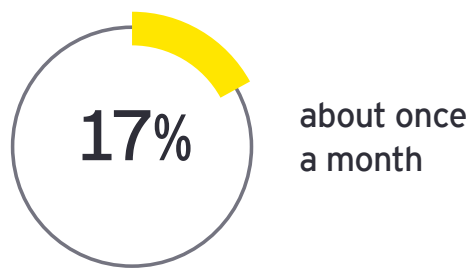
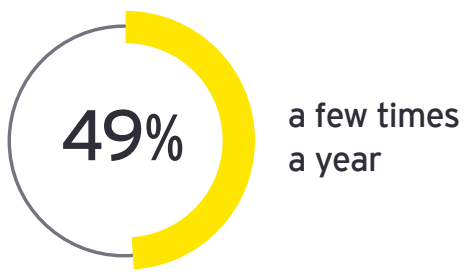
36%

of Gen Z have participated in a political rally or protest, signed a petition for a cause they agree with, or supported a political movement.

50%

of Gen Z have used social media to share a message about a cause they agree with or support.

Among the 36% of Gen Z who supported a political movement at some point in their lives, how often did they engage in political action in 2022?



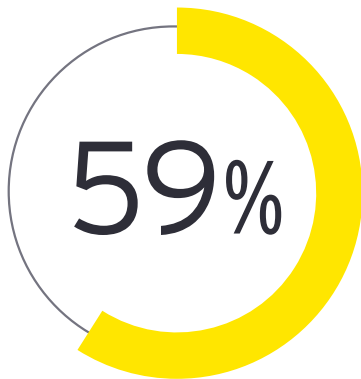
Percentages may not total 100 due to rounding.

Transparency is the gateway to trust

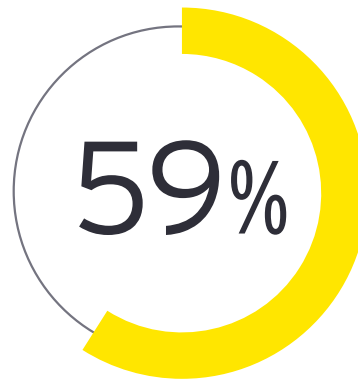
Transparency is a baseline expectation for Gen Z, and they are known to seek out information about brands and companies they are looking to join as employees or to support with a purchase. Roughly half of Gen Z look for information on a company's values via people they know, social media or the company's website.⁵

This means businesses must commit to being proactively open and honest about how they are spending their money, their operations and practices, their past failures and successes, and the sourcing and makeup of their products. They must prioritize salary transparency and ethical hiring practices; the more forthcoming a company is, the better the chance to gain Gen Z's acceptance.

A company's progress can only be held accountable, however, if it can be measured. Gen Z wants to see ongoing effort that companies are making a change through benchmarks and progress, and a long-term plan of impact. Volunteering unsolicited information builds trust with Gen Z, because it shows that the company is confident in its journey, that it has nothing to hide and that it is being a proactive steward toward a better tomorrow.



of Gen Z care about purchasing goods from businesses that align with their values.⁵



of Gen Z don't trust or only sometimes trust companies to keep their word.⁵

Source

⁵ [EY Sustainability Study 2023](#)



“

Being yourself should be prioritized. Not stressing or worrying about what others think of you — what you wear or how you do your makeup or if you want to go to college or if you just want to work a job.

– 20-year-old female Big Dreamer

3

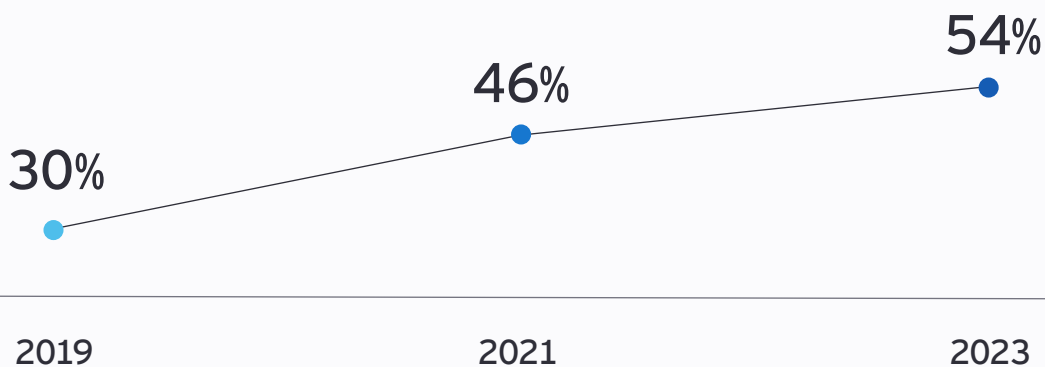
Feeling the weight of the world on their shoulders, anxiety has become a new norm for today's youth

Mental health was a major storyline that emerged out of our 2021 Gen Z survey. It was not surprising to see Gen Z's overall levels of worry and anxiety rise as this generation was faced with COVID-19 lockdowns during a period that is normally marked by growing independence. COVID-19 restrictions paused traditional milestones like graduations, first relationships and first jobs.

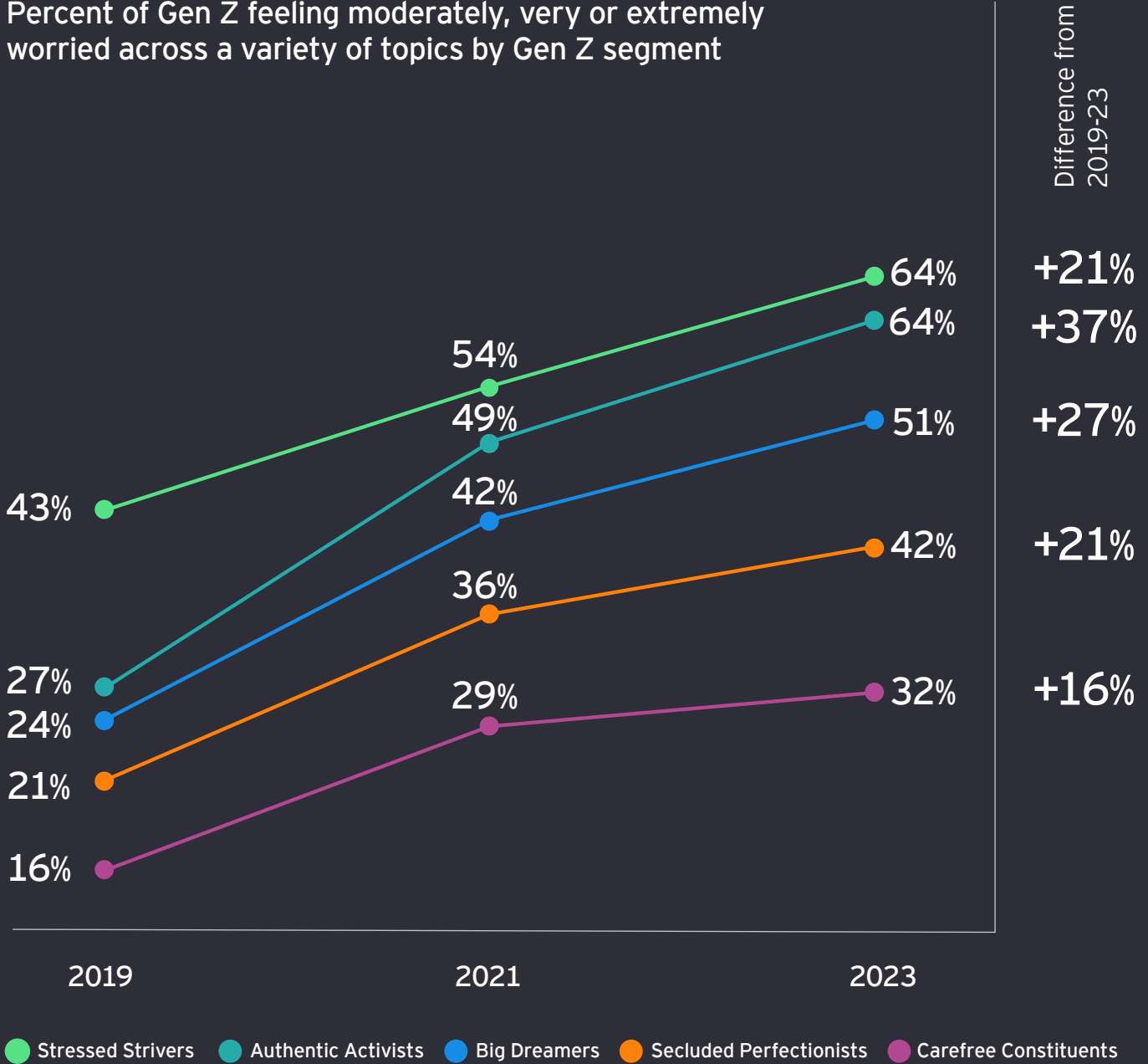
The EY Generational Dynamics Team conducted an in-depth [study to understand how this generation viewed health](#) in 2022. Through this work, we uncovered a more holistic view of wellness – an interwoven web of mental, physical and social health. However, as time passes and COVID-19-related disruptions lessen, we found that in 2023, Gen Z is even more anxious and stressed.

Stress has increased for all Gen Z segments, with stress levels of Stressed Strivers and Authentic Activists going up by double-digit percentage increases since 2021. Females and LGBTQ+ also indexed higher levels of stress and worry in general, vs. other demographic segments surveyed.

Percent of Gen Z feeling moderately, very or extremely worried across a variety of topics



Percent of Gen Z feeling moderately, very or extremely worried across a variety of topics by Gen Z segment



While the frequency of worry remains unchanged from 2021 (42% usually or always felt anxious or depressed in the past year), perhaps what has changed is the control Gen Z has – or doesn't have – over that anxiety.

To help monitor changes in Americans' mental health, the National Center for Health Statistics and the U.S. Census Bureau recently tested a set of questions that measure symptoms of anxiety or depression on a clinical level. Two of those questions were asked in our survey to measure how frequently Gen Z felt excessive levels of anxiety or worry *that was difficult to control*, as those who report frequently feeling this level of anxiety might be at greater risk of having a generalized anxiety disorder (GAD-2), according to these sources. Overall, Gen Z's responses to these questions suggest that more than half (59%) might be experiencing suboptimal mental health.

While stress and worry about political and social issues were higher in 2021, Gen Z's greatest stress or worry in 2023 is around the physical or mental health of *other people* in their life. They even rated concerns about the physical and mental health of others (46%) above that of their own (42%). How might companies not only think about addressing the mental health challenges of its own employees, but that of their loved ones as well (which may very well be the source of their stress and anxiety)?

Concern for personal health

42%

very or extremely worried about *their physical or mental health*

“

We are experiencing a crisis of mental health care in the US, where demand for services (especially among adolescents, minorities and in rural areas) far outpaced the supply of affordable, accessible providers. Patients are challenged at every stage of the care continuum to access providers and navigate care transitions.



Susan Garfield, DrPH

EY Americas Chief Public Health Officer

With wellness – or the lack of it – now of great concern, businesses must prioritize holistic wellness as they map out their future framework for benefits, teaming and workplace experiences. Perhaps two weeks of vacation and a basic medical and dental health plan is no longer enough to meet the needs of tomorrow's employee. Many current health plans cover traditional physical health needs until the patient is recovered, often with out-of-pocket maximums. Yet many plans today offer only limited mental health resources, and often limit the number of therapist sessions allotted in a year. This is not addressing the primary source of health concerns for many employees.

Concern for health of others

46%

very or extremely worried about the physical or mental health of *other people in their life*



Anxiety and depression is a concern for Gen Z.

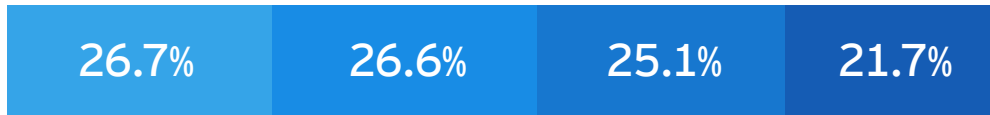
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Mental health is just as important as physical health and should be focused on more in the future. It is an increasing issue, especially in young adults who are struggling with anxiety.

– 23-year-old female Secluded Perfectionist

Over half of Gen Z report feeling excessive levels of anxiety or worry that is difficult to control

Unable to stop or control worrying



47%

more than half the days or nearly every day

Feeling nervous, anxious or on edge



56%

more than half the days or nearly every day

Percentage of all Gen Z respondents

● Not at all ● Several days ● More than half the days ● Nearly every day

Percentages may not total 100 due to rounding.

Will Gen Z ask for help, and will businesses be able to provide it?

Survey participants were asked if they have sought help or socio-emotional support, and more than half (56%) said that they had indeed sought help when needed. Speaking openly about mental health and bringing once-taboo topics of anxiety, depression, isolation and suicide into the mainstream dialogue has pushed this area of concern into a talking point for all generations.

But there is still a long way to go to ignite the help needed. In total, 31% of all Gen Z sought social and emotional support in the past year *and* received the support they needed a majority of the time. Businesses can go a long way to provide education, resources and downtime to help Gen Z learn the emotional balance, coping mechanisms and anxiety and stress relief they need.

“

More than 20% of American adults experience mental illness, much more than the 9% of American adults that are diagnosed with diabetes. This awareness is provocative, and should drive broader empathy. Indeed, empathy is the first step needed to break down the stigma associated with mental health.



Yele Aluko, MD

EY Americas Chief Medical Officer and Director for the EY Center for Health Equity



42%

usually or always felt anxious or depressed in the past year

59%

had a high GAD-2 anxiety score, suggesting possible symptoms of an anxiety disorder

Gen Z seeks support for social and emotional issues, but only about half of those who seek support feel that it is sufficient

Received needed socio-emotional support



Percentage of all Gen Z respondents

- Never
- Rarely
- Sometimes
- Usually
- Always

Percentages may not total 100 due to rounding.

4

How will generational change drive the future of business?

For Gen Z, the future is ... uncomfortable. They know their vision of a successful life won't come easy amid today's uncertainties. However scary their undefined future is, they are acting now to enable a desired outcome. The majority (**85%**) of Gen Z placed high value on spending time on *things that will help them in the future*.

Gen Z is cautiously optimistic about the future

● Live comfortably at age 30

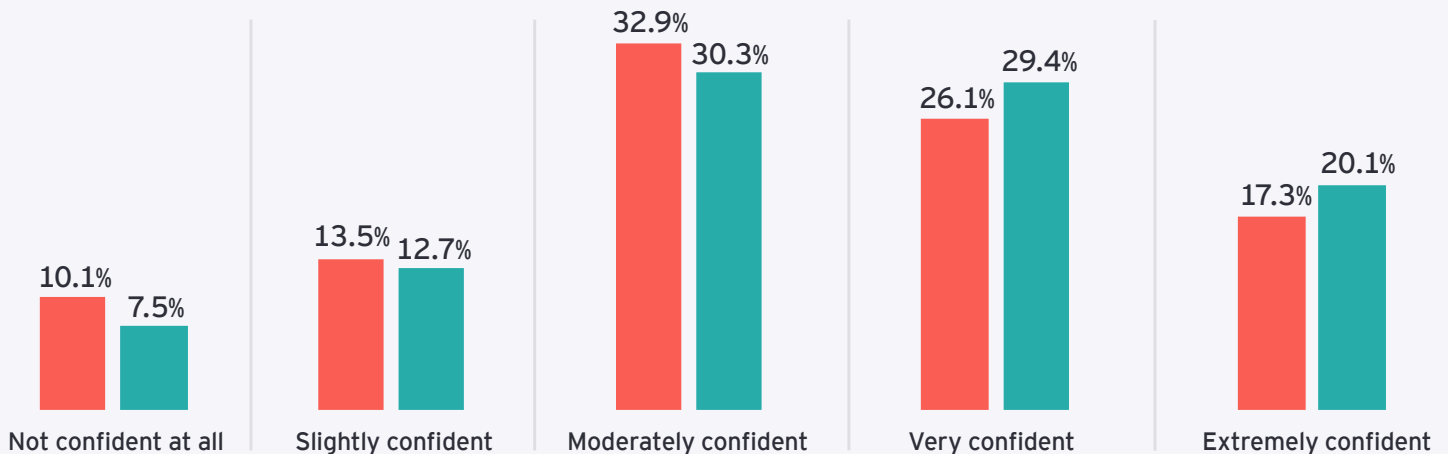
● Live comfortably at age 40

43.4%

very or extremely confident

49.5%

very or extremely confident



Percentages may not total 100 due to rounding.

Because of this proactive outlook and pragmatic view of future planning, they do believe they can create the life they desire. Most Gen Z (83%) say their quality of life will be about the same or better than that of their parents when they were 40. The change they will drive in the next 15 years as they move through life toward that goal will be fascinating to behold.

Business leaders who see them clearly *now* will be better positioned to envision what needs to come next to meet the changing expectations of all generations. Keep your eyes open.

Subgroups *more likely* to feel very or extremely confident that their quality of life will be better than that of their parents:

- Stressed Strivers**
- ▶ Black
 - ▶ Hispanic
 - ▶ Conservatives
 - ▶ Heterosexual

Subgroups *less likely* to feel very or extremely confident that their quality of life will be better than that of their parents:

- Carefree Constituents**
- ▶ Liberals
 - ▶ “Other” sexual orientation (not heterosexual, bisexual or homosexual)
 - ▶ White



The 5 societal shifts that are already impacting your business

1

Technology is not new or cool – it's expected

Technology advances over the last 50 years have created profound shifts in the way people live, work and play. While many boomers, Gen X and millennials remember growing up with typewriters, payphones, mixtapes and video stores — and live in awe at the conveniences tech has brought to daily life — Gen Z is not impressed.

They have never known a world where information, services, entertainment and relationships were more than a click away. Their expectations for what technology should be able to do often exceed current realities, while the rest of us are just trying to catch up.

Society-altering technological advancements used to come about once or twice a century. Now we see life-altering technologies gain mass adoption on a regular basis. This state of constant reinvention has borne a younger generation desensitized by technology's "wow" factor. The "futuristic" ideas of self-driving cars, virtual reality, tablets and hologram displays that lived in many of Gen X's or boomers' aspirational childhood movies are the world that Gen Z was simply born into.

The expectation that metaverse experiences would explode over the past year was largely diminished by Gen Z's lack of interest (outside of the virtual game worlds they were already partaking in, of course). Their baseline has centered more around technology serving their needs in the most efficient and seamless manner possible. Gen Z and those who follow want a consumer experience that doesn't feel like a consumer experience at all. It is less about the tech itself, but about the experience it can provide for the consumer — "what am I getting out of this?"

Living in a world where technology is embedded into every activity, from waking up in the morning to grocery shopping to even managing a daily calendar, the youth of today expect technology to move as an extension of themselves rather than a shiny new toy they must learn how to use before the next new toy comes out.



2 Trust is declining, and AI risks exacerbating further

Past generations were raised in a society where what you read in the paper or saw in the news was assumed to be true, perhaps with the exception of the tabloids at the supermarket stand. Gen Z, on the other hand, has learned to question everything they read.

As early as grade school, they were told that the internet is no better a source than a tabloid. They were told to dig deeper – to research sources for the truths behind everything. These shifting elements of trust are now impacting all generations, as society has learned to question the values and source of truth behind every company, every claim and every post.

For Gen Z, trusting larger corporations and government entities is especially difficult, as Gen Z view them as part of the system or machine that is failing them – failing to listen and failing to adapt. Even the most respectable companies are succumbing to the compulsion to create headlines that will garner clicks rather than understanding.

Younger generations are better equipped to see through the façade. They are more likely to trust their supervisor – someone with an actual face – than the company they work for.

Consider the impact this will have as companies move further into the lanes of decentralized Web3 and gen AI technologies. The implications could cause a massive shift in who and what we can trust. While gen AI models are going to get better and become more refined over time, right now there are initial use cases that warn of data leakage and deep fake culture that's eroding society's ability to differentiate "trustworthy" data and information from auto-generated. While the potential and opportunity of leveraging gen AI's capabilities from an automated processes standpoint is limitless, we also have to consider the implications of validating the information that is produced.

BUSINESS IMPLICATIONS

Think of gen AI as a human-enhancer rather than a human replacer. How can we as a society be more impactful and productive because of AI?

Another trust factor to consider is that the unconscious bias that is built into societal groups is often programmed into gen AI models. For example, a popular AI image generator “generates white men 97% of the time when given prompts like ‘CEO’ or ‘director,’” according to a March 28, 2023, *MIT Technology Review* article, “What if we could just ask AI to be less biased?” Why? Because the training models were programmed by humans and the unconscious bias they possess. While AI will enable us with advanced research tools and productivity hacks, it will only be as effective as the guardrails we give it. The human mind is still the key to unlocking the future we want to create.

“

Over time, it’s going to lead to a massive reshaping of how work is done as AI replaces more automated tasks. More routine tasks will be automated allowing humans to focus on higher-level work. What does that look like? We don’t know yet. But the interweave of humanities and tech will be super important. In order to ensure ethical and responsible usage, you need humans in the loop. It requires a high degree of validation.



Matt Barrington

EY Americas Emerging Technologies Leader

3 Personal sacrifice does not equate to professional value

We are all a product of our environments. There is ample evidence that for earlier generations, personal sacrifice and professional success were inextricably linked. As a result, being stressed out, sleep-deprived and missing major life events became a source of pride and symbolic of professional importance. Employees often had success measured and rewarded, at least to a degree, based on what they sacrificed rather than by what they accomplished.



Over the past few years, humans have reevaluated the personal sacrifice-to-work productivity ratio. COVID-19 lockdowns and work-from-home policies, in addition to globalization, increased automation and the spread of virtual interconnectivity, have fundamentally transformed work for both employers and employees. The how, when, where and why of work have forever changed. Yet, many businesses are trying to succeed in the digital age – and soon in the era of AI – with Industrial Age workforce practices.

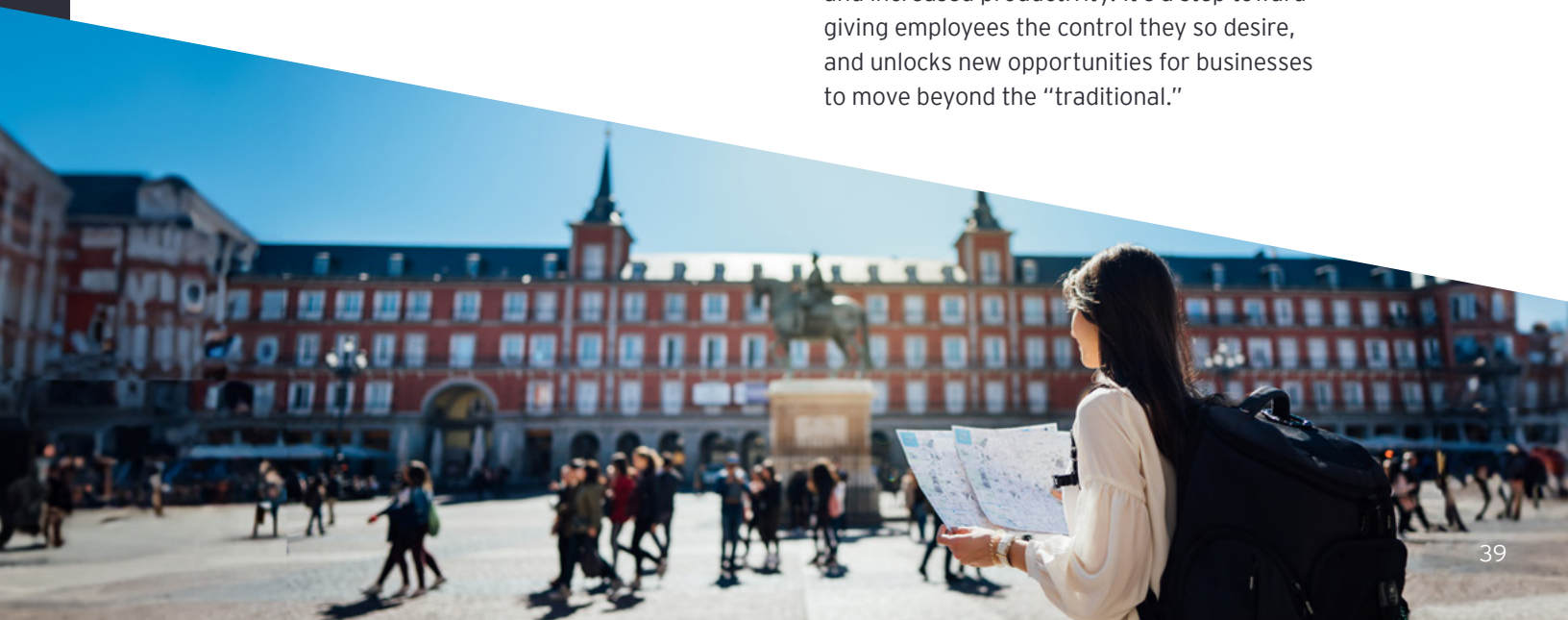
Gen Z has grown up in a world where anything is possible; they don't have a "normal" they are trying to return to. Many started their first job amid the pandemic or are now entering the workforce for the first time. Their view of work has been shaped by the households in which they were raised, which may have been dual income or single parent, but often were surrounded by career strife (recessions, corporate scandals, housing collapse, layoffs and of course lockdowns). Having been raised watching these moments of uncontrollable circumstances disrupt their families, a theme we see time and again with Gen Z is their desire for control. As humans, we tend to most crave that which we think we lack. They are a generation that has felt they have lacked control of the events that have affected their life and destiny, and they seek to gain it back at work.

Between Gen Z entering the workforce en masse, the new hybrid ways of work learned through the COVID-19 lockdowns and emerging technologies enabling greater innovation, "traditional" ways of working are no longer working.

Gen Z is gravitating toward companies and opportunities that merit value based on their productivity and impact, not hours. According to Adobe's 2021 *The Future of Time* study, 70% of Gen Z employees say they would switch jobs for access to better tools that help them work *more productively*.

This thinking resonates with all generations, and increasingly so post-pandemic. Why? Societal values have changed, and priorities have shifted. Employees seek employers who reward productivity, innovation and creativity vs. time spent sitting at a desk. Is the 40-hour-work week necessary for every role in your business? Or worse, are you promising 40 hours, but expecting 60?

The gig/creator/monetization economy is here to stay, so it's time to rethink traditional workforce models and the personal sacrifices they historically required. Businesses need creative ways to engage this changing talent pool. Move past the bias of part-time vs. full-time work. Recognition based on the value of one's contribution, vs. time spent, creates a path toward happier, more fulfilled employees and increased productivity. It's a step toward giving employees the control they so desire, and unlocks new opportunities for businesses to move beyond the "traditional."





4

Integrity is the new measure of authenticity and belonging

We are entering a societal movement of integrity first. Not the standard definition of integrity or “doing the right thing,” but the lesser used idea of “the state of being whole or undivided” or “the condition of being unified, unimpaired or sound in construction.” For Gen Z, integrity is not how they are perceived by others (perceptions of right or wrong), it’s about living their true self.

If your core being is rocked because you are hiding who you truly are, it’s exhausting. You won’t be at your prime for any position. While the term “empowerment” is often thrown around today, being or feeling empowered is what others are doing for you – how they are making you feel. Integrity is finding your own power. Figuring out what’s right for yourself.

Gen Z do not feel the need to conform to past societal molds, which is nothing new for younger generations. But they are ushering in a new era of individuality that offers them the opportunity to show up authentically as themselves – that is their superpower. Belonging is no longer tied to conforming to everyone else. You don’t need to fake or hide who you are or where you come from to fit in. From an organization standpoint, it allows employers to gain the true benefits of diversity.

Honesty and transparency play a quintessential role in integrity as well. Can employees be transparent about their work? Can an organization be transparent about their actions, what they stand for, their policies, procedures, practices, etc.? If not, they are operating without integrity – something is out of whack and could be disastrous. Imagine a plane that doesn’t have integrity. If something critical is malfunctioning, the plane could crash. This doesn’t mean everything is perfect – the seat trays or arm rests may not be working, but if not a critical functional element it is manageable until fixed. But you have to check under the engine every time you take off.

Understanding the true barriers to integrity, authenticity and belonging and addressing those, while tackling the minor issues like seat trays, is key.

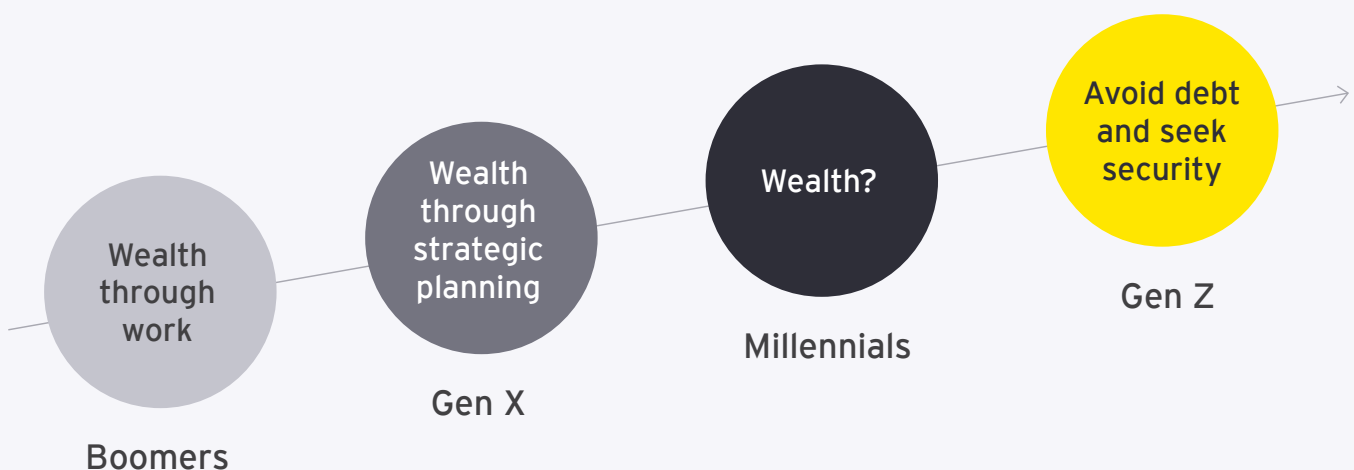
5

“Monetized” life outshines the traditional career path

The “traditional” story of success that past generations strived for is fading. Getting respectable grades to make it into a good college, graduate, land a job and climb the corporate ladder while buying a home and raising a family — these standard measures of success have been throttled by mental health roadblocks, exorbitant university costs, fluctuating job and housing markets, and an uncertain economic landscape.

Gen Z is coming into the working world with a mindset of financial insecurity, and they are taking a pragmatic approach by developing a portfolio of income options, rather than simply landing “a job.” Thanks to their digital upbringing, they have always had access to the financial opportunities that the internet provides. The “analog” teen jobs of the past such as newspaper routes, babysitting and waiting tables have been overshadowed by myriad digital opportunities, and Gen Z have been masters of earning money buying, selling and distributing goods and services online from a very young age.

This divergent path, however, was really initiated more or less by millennials, who started side hustles in their basement (or their parents’ basement), and forged companies out of small ideas. And just as the boomers have changed what retirement looks like for many over the last decade, Gen X (born 1965-1980) – now in the throes of their leadership years – may very well flip the idea of retirement on its head.

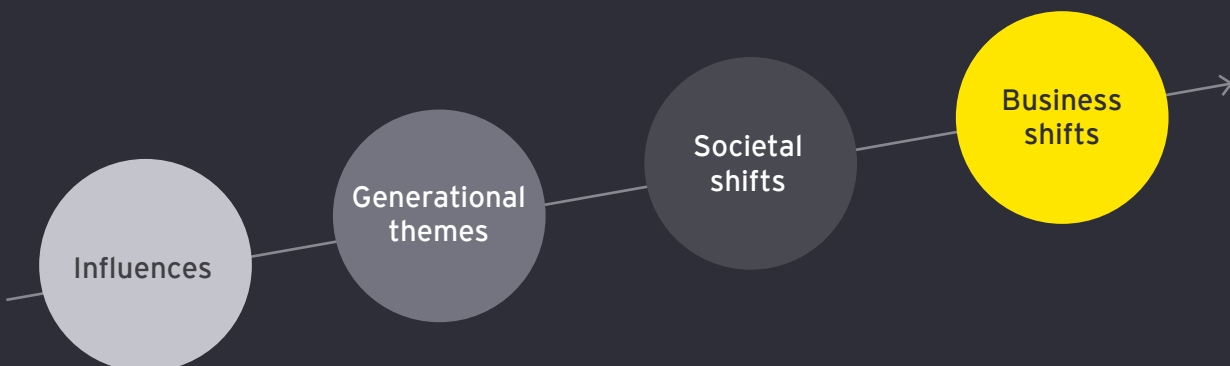


BUSINESS IMPLICATIONS

It's worth remembering that every generation, from boomers to Gen X to millennials, rewrites its own definitions of success.

Younger generations will continue pushing the envelope of monetizing life opportunities, but older generations are readily embracing multiple financial income sources as well. Maybe that's having 10 jobs by age 15, or retirement at 62, or working in good health until 78, or founding a nonprofit at 69, or finishing a book at 80. The algorithm of personal, social and financial achievement isn't being written by AI, but by individuals – and Gen Z is just gathering the data for its chapter one. Let's welcome them to the real world.

How are you preparing for the shifts in front of us to reshape your customer, product, employee and brand experience?





METHODOLOGY

Ernst & Young LLP surveyed a representative sample of 1,553 members of Gen Z from across the United States. The online survey was completed between February 3-16, 2023. To be considered a member of Gen Z, a person had to have been born between 1997 (turning age 26 in 2023) and 2007 (turning age 16 in 2023).

The survey recruited a representative mix of age, race/ethnicity, gender, geographic region, educational attainment and socioeconomic status.

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