THE RISE OF MOBILE PRODIGIES:
MILLENNIALS, GEN Z, AND THE FUTURE OF MOBILE MARKETING
MOBILE PRODIGIES AND THE FUTURE

Verve’s entire business is mobile. We have always been mobile-first and we have always put a deep understanding of the mobile consumer at the heart of our work.

Mobile devices teleport us — they transport users into stores every single minute of every day. Naturally, we want to understand the consumers and the approaches that make this happen. When we understand them, we create better products and we offer better solutions to our advertisers.

Today, there are two rising demographics of mobile users advancing to the fore — they are Millennials and Gen Z. Verve has elected to dive into the psyches of these new and important consumers. Never mind the already stale monikers, we have named this new grouping Mobile Prodigies.

You already know them. These are the mobile users that just a few years ago — some of them barely old enough to read at the time — already knew how to take Mom’s phone and swipe, pinch, scroll, and download an app or a song. Many of them have never lived in a world without mobile, and their devices are part of their personae — mobile is their link to social currency, new discoveries, and the pursuit of new ways to interact.

To understand Mobile Prodigies, Verve and Wildness surveyed 3,000 people aged 14–29 and we also assembled a series of focus groups for qualitative clarity. Setting out to explore the ways Mobile Prodigies are shaping our industry, here’s what we found.

Mobile Prodigies are driving the app ecosystem — incorporating mobile apps that feature innovative content and creative into nearly all the ways they work, play, and shop — while carefully granting mobile marketers measured access to device data so long as the apps and creative they experience meet their expectations around context and quality.

At Verve, our business is based on serving ads across thousands of premium apps, and we see the value in creating the cutting-edge experiences that Mobile Prodigies demand.

Thinking about the future we must build, for example, we launched Verve Foundry with the express goal of ensuring that mobile-ad design keeps pace, neck and neck, with our evolving users. And when it comes to recognizing the context and individuality of every mobile consumer, we believe mobile marketing has to move forward even further: the time has come for predictive personalization — actually anticipating what users will want to do next.

We know we are in a unique place, here at the frontier of our industry’s growth, right alongside the rise of Mobile Prodigies.
THE NEW NAME: MILLENNIALS AND GEN Z ARE ‘MOBILE PRODIGIES’

As we consider Millennials and Gen Z together, in this study, we collect them under one term: Mobile Prodigies.

By definition Mobile Prodigies are young experts – their proficiency with their devices is highly developed, and it is evolving as the technology evolves.

Their significance to mobile marketing emerges in the following three ways.

Mobile Prodigies are using mobile apps and they’re using them in physical retail locations.

Mobile Prodigies demand that mobile marketers produce increasingly relevant and predictive creative. They want cutting-edge designs and functionality.

Mobile Prodigies will share location and data access, but only if the creative and content that they receive significantly enriches their mobile experiences.

By recognizing these important individuals for who they are, and by recognizing what is meaningful to them in terms of what we can deliver, this report shows how app-forward Mobile Prodigies stand to invite brands and marketers into their data-rich lives.

THE MOBILE SCREEN ISN’T THE SECOND SCREEN; IT’S THE FIRST.
DEFINING TOMORROW’S MOBILE CONSUMERS

Among Mobile Prodigies, some Millennials are old enough to remember the world before mobile, but Gen Z has never known that world. Collectively, these two generations spend some 46% more time daily on mobile devices than they do watching television and, if forced to choose, none of them would keep their TV over their mobile device.¹ Bottom line, the mobile screen isn’t the second screen; it’s the first screen—and the primary screen for 56% of mobile users at home when they start an online shopping search.²

Mobile marketing is the method with which to engage Mobile Prodigies; it is the method by which marketers and brands will build lasting relationships. And the stakes are significant: Millennials alone represent some $200–$600 billion in annual buying power;³ Gen Z is reported to have $44 billion in annual spending potential.⁴

Mobile Prodigies are not only influencing marketers’ core approaches to mobile advertising, they are defining the future of how mobile marketing will evolve, and forming new bonds between the physical and digital world. These younger users want personalized experiences that recognize them as unique individuals, that provide them with aesthetically pleasing and innovative apps, that entertain them, and that deliver contextually relevant ads.

Unless brands and marketers are tailoring mobile-ad experiences to this powerful consumer segment—creating experiences that deliver credibility, inventive originality, and sophisticated levels of personalization—then the industry risks missing out on the opportunities Mobile Prodigies represent.

DEMOGRAPHICS: MILLENNIALS AND GEN Z

In this study, we’ve adopted definitions offered by The Center for Generational Kinetics, a leading cross-industry consulting firm that addresses topics around both categories of younger people. Millennials are categorized as individuals 21–39 years old.⁵ Gen Z are individuals born in 1996 or after.⁶

NOT JUST MOBILE-FIRST, MOBILE PRODIGIES ARE APP-FORWARD SHOPPERS

When it comes to Mobile Prodigies, we are assessing consumers that were for the most part raised in a post-landline, post-desktop universe. Their mobile technology has become deeply personal to them, not only a tool but also a primary connection to the world, a key resource for discovery, entertainment, creation, and communication.

"[My phone is] the platform through which I can keep all my memories, my work, my communication, my art, my contacts, my relationships, etc.," said Brandon, 22, in our survey. "My phone has allowed me abundant opportunities, as well as a space for me to organize my life, almost like my own home. Our phones are becoming extensions of our personal space."

As the following charts show, for Mobile Prodigies the app ecosystem is alive and vibrant.

For Mobile Prodigies, app browsing and discovery is nearly compulsive — 60% of respondents in our study download one or more apps weekly (the equivalent of 3–5 new downloads per user, per month). They search for new apps in a number of ways, and app stores are still significant to the process.

If there’s a caveat to all this app-forward behavior, it’s that Mobile Prodigies will also stop using apps that fail to meet their expectations.

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80% of Mobile Prodigies spend more time on mobile apps than they did one year ago; 74% report greater spending in the past six months; and among a younger subset of Mobile Prodigies, 84% of 14–17-year-olds spend more time on mobile apps than they did one year ago.

For Mobile Prodigies, 84% of Mobile Prodigies said they discover apps through multiple sources, a combination of word of mouth, social media, and digital ads. 77% said, however, that app-store browsing is still a common way to discover new downloads.

60% of Mobile Prodigies 14–17 years old said they would rather lose their wallet than their mobile phone. "You can’t hack into my wallet," said Chantel, 19, a study participant.

If there’s a caveat to all this app-forward behavior, it’s that Mobile Prodigies will also stop using apps that fail to meet their expectations.
“Nobody is afraid to leave behind followers or content,” blogs John Vieira, head writer at Nemo Design, an advertising agency in Portland, Oregon. Especially among younger users, the tendency is to “go where there’s energy and getting there is as easy as downloading a free app.”

And so, the onus is on brands and marketers to work together. In the next sections, we look at the activities that can help ensure we’re offering Mobile Prodigies the kind of experiences they’ll value most.

**MOBILE PRODIGIES: ONLINE-TO-OFFLINE SHOPPING**

Gone are the days when young shoppers relied solely on sales reps and end-caps to help them search for new things to buy. Mobile Prodigies use their devices for product discovery, pre-purchase research, and point-of-sale/post-purchase engagements. They reach out to brands and peers; their mobile devices serving as muse, stylist, and runway, enhancing the in-store shopping experience via inspiration, guidance, advice, up-to-the-minute deals, and peer recognition.

In one example, Heidi, 25, told us that Pinterest “is my portable mood-board when I am in need of inspiration for buying clothes.” And the following chart shows the degree to which Mobile Prodigies have integrated mobile with in-store experiences.

Furthermore, more than 1-in-4 use a mobile phone while shopping in a physical store to seek guidance and input from friends and family. And more than 1-in-10 of 14–17-year-old Mobile Prodigies qualify as advice seekers while shopping in physical stores — meaning they are sharing their process multiple times throughout the shopping journey and accessing multiple online channels (including social media).

Recent evidence from other studies echoes the indicators found in our research: Iris Worldwide, a London-based creative agency, recently noted that 0% of Millennial and Gen Z shoppers “admitted to making spontaneous purchases while shopping in a store. They appear to be so caught up in both gaining approval and exerting influence on social media that every purchase comes in the context of a whole cycle of posts, likes, and tags.”

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And then, importantly, as the following chart shows, Mobile Prodigies complete their shopping journey by purchasing in-store.

All of these positive results depend, however, on content that compels, that engages, and that dovetails contextually with what Mobile Prodigies are doing – bonding with friends; the tactile experience of touching and feeling products; evaluating quality in person. It is our industry’s challenge, then, to create meaningful mobile experiences that intersect with these behaviors. With that in mind, we now turn to strategies for using data and designing creative in ways that help make these moments happen.

95% of Mobile Prodigies make in-store purchases based on ads they’ve seen on their mobile device; 61% buy in-store based on a mobile ad at least monthly (with almost 1/3 driven to in-store via mobile ads weekly).
Mobile Prodigies value their individuality and demand that advertisers recognize and value it as well.

The whole context has to fit. One of our sources put it this way: “[If I were a retailer], I would probably create an app that would not only help you get ready in the morning, but, if you go shopping, it [also] knows your style,” said James, 19. “It will pick items from the store and put it on your phone and tell you exactly where to find the products inside the store.”

Smart brands also understand that these approaches aren’t – and can’t be – confined to a reactive strategy. Mobile Prodigies also want brands to anticipate the next best idea, the next experience, and products they haven’t yet discovered. Taking personalization into the future means predicting what Mobile Prodigies want next.

For an example of how this predictive personalization can work, let’s consider a user whose data-sharing indicates they are interested in a major national brand of bikes. They might own a bicycle already; they might be in the market for a new one. Either way, this user has downloaded the bicycle brand’s app, and that app is now driving data insights for the advertiser.

A strategy that includes predictive personalization uses this data to show marketers and brands all the lateral and associative opportunities these Mobile Prodigies provide. Beyond serving a call to action around buying the bike itself, predictive personalization introduces special offers and new bike-related ideas. For example, the user can be introduced to new

Location- and activity-based relevance – when brands achieve both, as the following chart shows, they win twice with Mobile Prodigies.

77% of Mobile Prodigies prefer ads customized to their current activity, and, separately polled, 71% prefer ads that are customized to their location.

80% of Mobile Prodigies expect tailored ads that not only target location but also recognize their interests and habits – who they are and how they self-identify.

80%
IF WE SERVE MOBILE PRODIGIES BEST-IN-CLASS MOBILE EXPERIENCES, THEY ARE WILLING TO SHARE THEIR PERSONAL INFORMATION — THEIR PERMISSION COMES DOWN TO RELEVANCE AND REWARD.
ride-snack options, a new brand of low-sugar/low-butter snack that is easy to pack and easy to digest on longer treks. Predictive personalization means we recognize the user’s individuality at these deeper levels of detail, and then we connect the user via retail apps to new offers, adding to their experience in ways they weren’t initially expecting.

When we learn from our data, when we look to it for insights around what can be surprising and delightful, then we deliver mobile moments that go the extra mile. The next step in the process is to make certain that the creative we deliver to Mobile Prodigies proves as cutting-edge as our timing and ability to predict what they want.

NEXT-GENERATION CREATIVE: ENGAGING MOBILE PRODIGIES WITH BETTER ADS

Creativity, aesthetic design, functionality, and innovation are all essential to hold Mobile Prodigies’ attention long enough to produce brand-friendly results. Now more than ever, our industry must turn to tightly aligned and future-leaning ad designs. Consider the following examples.

One example of engaging Mobile Prodigies via new technology is the Cubed Experience. Utilizing a smartphone’s built-in gyroscope, we can leverage intuitive moments such as the user tilting their device. When they do, a square becomes a 3-D cube. The consumer can tilt to see all the cube’s sides, and each side will feature still images, video, and/or links. In our research, a unit like this one led 90% of younger Mobile Prodigies (14–17) to say they’d be more likely to engage with our Cubed Experience than with a 2-D format showing the same content.

In our survey, nearly 90% of Mobile Prodigies told us they’re annoyed by ads that interrupt their personal and professional mobile activities. Enter Save The Experience. With a tap, a Save The Experience ad is stored as an app-like feature on the smartphone’s home screen. The approach helps eliminate disruption when it comes to a user’s current activity. In our survey, 21% said they would screenshot a relevant ad for later, and 26% said they would send relevant saved screenshots to their peers.

We know that mobile users turn to Google Maps and Apple Maps billions of times every week. And so, when bringing a map into creative, why default to a static form? If Mobile Prodigies expect to see a pulsating blue dot, something that shows them, in data-driven real-time, a location on a map relative to their position, then we need to create those experiences. Think of it as Tap-To-Map. For example, if data shows that a student segment often visits a certain area after class, our new blue dot of the future can suggest where to go for a post-lecture snack. Couple that information with a special offer and now we’re talking newly meaningful creative. This idea corresponds with ways Mobile Prodigies are already behaving; in our research, some 44% said that they’d continue sharing location data to see more ad experiences like Tap-To-Map.

BEACONS AND MOBILE MARKETING

We know that beacons can be a game-changer when it comes to the intersection of mobile and in-store shopping. Beacons are expected to directly influence some $40B in retail sales this year, representing a granular level of insight and opportunity that will differentiate leaders from stragglers in the location-based mobile future.


And so, another bottom line emerges from our research: when we get the future of creative design right, Mobile Prodigies take action: 42% will click on the ad. Compare that to the click-through-rate in the US for all industries, all verticals, and all formats: it was 0.07% in August 2016.¹¹

What exactly the future of creative design will look like continues to unfold. Right now, however, Mobile Prodigies call out the following elements as key to a “perfect” mobile-creative experience.

### Mobile Prodigies Rank Elements of the ‘Perfect Ad’

<table>
<thead>
<tr>
<th>Element</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can be saved and accessed later</td>
<td>46%</td>
</tr>
<tr>
<td>Delivered by a trusted source with a safety ‘seal of approval’</td>
<td>45%</td>
</tr>
<tr>
<td>Adds a coupon or offer to the user’s mobile wallet</td>
<td>40%</td>
</tr>
<tr>
<td>Customized based on products users want to buy</td>
<td>39%</td>
</tr>
<tr>
<td>Provides information about product availability and store location</td>
<td>34%</td>
</tr>
<tr>
<td>Easily shared</td>
<td>34%</td>
</tr>
<tr>
<td>Ability to shop product directly from ad</td>
<td>33%</td>
</tr>
<tr>
<td>Ad features interactive and engaging elements</td>
<td>24%</td>
</tr>
<tr>
<td>Ad is relevant in terms of proximity and location</td>
<td>23%</td>
</tr>
</tbody>
</table>

When a mobile ad checks all the above boxes, more than 1-in-4 Mobile Prodigies said that they would be motivated to make a purchase. Perfect or not, a mobile ad driving a 1-in-4 purchase response is a welcome business result in any brand’s campaign.

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MOBILE PRODIGIES AND DATA SHARING

In our research, Mobile Prodigies brought new levels of nuance to the ongoing dynamic of data permissions.

First, the parameters: more than half the polled Mobile Prodigies (56%) currently use — or plan to use — ad-blocking software, and 82% of our respondents said they would delete an app if they perceived it to be asking for too much personal information, or the data-ask lacked sufficient explanation, or the information seemed irrelevant to the experience of the app.

Responses like these, however, are only the beginning of the story. Mobile Prodigies tell us they are constantly weighing the benefits of sharing their personal data: they will grant approval when a brand and/or marketer serves them creative that matches or exceeds their expectations. Likewise, they will withdraw that approval if and when the creative does not hit the contextual mark. Relevance trumps all.

The power of relevance also applies to Mobile Prodigies who’ve already opted out of data sharing. When they know it’s there, in apps and creative, it can win them back.

The takeaway is this: if we serve Mobile Prodigies best-in-class mobile experiences, they are willing to share their personal information — their permission comes down to relevance and reward. When we eliminate intrusive, contextually blind experiences from the mobile-ad space, and when we offer predictive, surprising, and delightful creative, then Mobile Prodigies give us permission to engage them in new and meaningful ways.

As they drive the app ecosystem — bringing apps that feature innovative content and creative into nearly all the ways they work, play, and shop — and as they grant us access to their device data (when apps and creative experiences justify it), Mobile Prodigies are defining the future of mobile marketing. The road to that future is paved with all these elements, and Mobile Prodigies are telling us precisely where it should take them.
METHODOLOGY

Verve conducted research for this paper in cooperation with Wildness. This study includes data resulting from a survey of more than 3,000 14–29-year-olds, conducted in the United States in April and May, 2016, with respondents distributed across the US. The research was carried out via online and mobile platforms, and via focus groups.

ABOUT VERVE™

Verve is a location-based mobile marketing platform that connects advertisers with consumers to deliver successful business outcomes. The company’s proprietary location intelligence, patented technology, premium inventory, and analytics capabilities empower marketers to identify, reach, and engage consumers with compelling advertising experiences.


For more information, visit www.vervemobile.com.