



Innovators' Circle:

**Gen Z will  
reinvent your  
business,  
here's how...**



Fahrenheit 212 is a global innovation,  
strategy and design firm.

We develop new products, services and  
businesses that create sustainable profitable  
growth for our clients across FTSE100,  
Fortune500, CAC40 and Private Equity.

**Fahrenheit212**  
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# Welcome to the Innovators' circle.

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The Innovators' Circle is a community of intrapreneurs and innovation leaders and practitioners, connected at events and discussions hosted around the world. Innovation is one of the most exciting, but often loneliest, positions within a company. However, innovation doesn't happen in silos, and the conversations, connections, and resources that the innovation community can share with each other are incredibly important for pushing forward the innovation agenda. Organised by Fahrenheit 212, our purpose is to further the innovation conversation by connecting global leaders to challenge, push, and inspire each other.

The background features a vibrant, abstract composition. A large blue shape dominates the upper and middle sections, containing a yellow circle and a light blue zigzag line. In the bottom right, a large red shape is partially visible. The top left corner shows a dark blue area with green, curved, brushstroke-like patterns. The text is presented in three white rectangular boxes stacked vertically.

**The speakers**

**at today's**

**Innovator's Circle**



## Ali Maggioncalda

CO-FOUNDER OF EROS

## Ann Hagell

CHARTERED PSYCHOLOGIST,  
RESEARCH LEAD AT AYPH,  
AND CONSULTING EDITOR OF  
JOURNAL OF ADOLESCENCE



## Will White

COO OF LOOT



# Notes



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Meet your

future customer

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*What are the conditions that have given rise to Gen Z and what is it that makes them unique?*

A person with dreadlocks is seen from behind, standing in a field of tall grass. The image is in a monochromatic, olive-green color scheme. The person's hair is dark and textured, and they are wearing a light-colored, possibly white, top. The grass is tall and dense, creating a textured background. The overall mood is contemplative and natural.

WHAT MAKES GEN Z UNIQUE

# Carving their own path

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*Self-directed and  
self-educated.*

Being the first generation that is truly digital-native, growing up on iPads, getting smartphones as early as 8, and using Voice in the home and comfortable with AR layer, they often bypass the traditional gatekeepers of childhood education and therefore have grown up more autonomously than any generation before them.

## Traits specific to them:

- *They don't think in silos and don't see a difference between a physical and a digital version of something: they only see the outcomes; therefore, technology-led solutions often fail because they tend to appear cumbersome.*
- *They are highly self-reliant and value support services that provide advice and data-based information, but tend to reject value propositions that don't put them in control.*
- *They understand the value of the data they generate and are happy to give it away if as part of a tangible value exchange.*

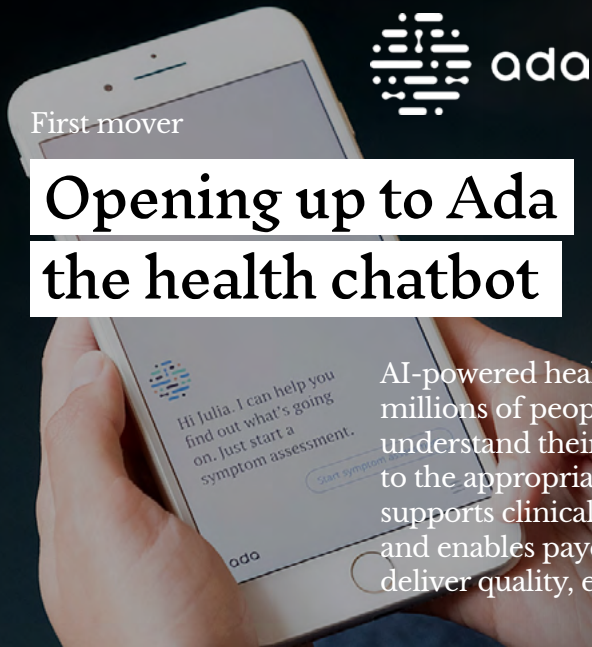
## What this means for your business:

- *Think of technology last: solve for outcomes such as their 'jobs to be done', only using technology as a tool to deliver it the best way.*
- *Don't focus on peace of mind: they value solutions that put them in charge rather trying to manage everything for them (e.g making sense of facts to support decision making).*

# The first of next

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Startups and first movers who are aiming at the opportunity of Carving Their Own Path.



## Opening up to Ada the health chatbot

AI-powered health platform helping millions of people around the world understand their health and navigate to the appropriate care. It also supports clinical decision making and enables payers and providers to deliver quality, effective healthcare.



The Eros logo is written in a white, cursive, lowercase font. It is positioned at the top center of the page, overlaid on a background image of a person's hands resting on their shoulder.

First mover

## Eros' algorithm-generated relationship advice

Relationship app at the leading edge of this generations' fast-changing attitudes towards technology and human relationships. Eros is founded on the idea that technology can help people build more fulfilling romantic relationships, not just find dates or outsource their emotional and/or sexual needs to machines.

First mover

## Giving Chip access to spending data

Mobile money tool analysing people's spending data to make personalised recommendations on how to save against various goals, focusing on specific things to get there.





WHAT MAKES GEN Z UNIQUE

# Platform players

## *Collective power and mobilisation*

Growing up using online platforms, their world is one of loose networks with no formal boundaries or rigid rules like ownership; they manage by assembling their own support system by themselves which constantly evolves according to their needs.



## Traits specific to them:

- *They intuitively understand the power of the collective, even with total strangers, and the effectiveness of collaboration and decentralised systems*
- *They are put off by exhaustive suites of services, but rather value specialised that solve specific jobs to be done, and can easily be linked up to their existing tools and channels.*

## What this means for your business:

- *Think of new solutions through the lens of existing tools and channels, not by adding new entry points to the clutter.*
- *Design solutions for customers as groups of people (e.g. friends or neighbors), not only for individuals or nuclear families.*

# The first of next

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Startups and first movers who are aiming at the opportunity of Platform Players.

First mover



depop

Instagram-like buying  
& shopping on Depop

Reselling platform Depop allowing users (70% of its six-million-strong user base are aged 16-26) to set up their own bespoke micro e-stores. Users can upload images of products they'd like to sell, browse and comment on others' items, and contact/follow accounts they like.



This money is then allocated to one randomly selected member.

First mover

# Stepladder facilitates group mortgage saving

New type of mortgage provider matching users to a 'circle' of people at the same life stage and level of income who save together, randomly selecting one of them every month to receive mortgage advances.

£5,000



First mover

# Brewdog's Equity for Punks fan investment

Making fans of the brand actual shareholders of the company, allowing them to take part in new product development and giving them exclusive perks in Brewdogs' on-trade pubs.



A crowd of young people, likely Gen Z, at a protest. They are holding signs and some have their mouths open as if shouting. The image has a warm, orange-toned filter. One sign in the background says "LA PLANETE PLUS VERDE", another says "ARRÊTE", and a large sign in the foreground says "SKOLSTRAFK FÖR KLIMAT".

WHAT MAKES GEN Z UNIQUE

# Navigators of uncertainty

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*Ripping up the rule book.*

They are used to a world that has never been more uncertain and in which traditional rulebooks aren't as applicable or reliable anymore. As a result of speed of change, parents and teachers' principles can actually be antiquated (although not old) - and therefore potentially counterproductive.



## Traits specific to them:

- *They trust experience over expertise: influence is more valuable than heritage.*
- *They are pragmatists: their post-crash formative years has made them more realistic in how they approach life.*
- *They are politically-engaged: issues like the climate crisis have a sense of urgency to this generation who are more ready to act on their beliefs in larger numbers than before.*
- *They are asset-light: like previous Young generation they are comfortable with shared access over private ownership, but they are likely to push that frontier further.*

## What this means for your business:

- *Look for alternative business models beyond traditional ownership that can deliver new benefits to consumers, whilst creating new operational and commercial advantage.*
- *Help them connect with anyone who has aligned interest, in order to automatically generate additional value for both and kickstarting network effects*
- *Look at Gen Z as collaborators in unlocking new radically-sustainable business models due to their willingness to lean in to the change.*

# The first of next

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Startups and first movers who are aiming at the opportunity of Navigators of Uncertainty.



RENT THE RUNWAY

First mover

## Rent-the-Runway's rented closet

Online service founded on the idea of the 'unlimited closet' that luxury enabling users to rent luxury and designer dress and accessories for a set period of time instead of having to purchase it; has currently over 10 million users and is valued at \$1B.

The logo for DeadHappy, featuring the word "DEADHAPPY" in a bold, white, sans-serif font. The background of the entire top section is a vibrant, colorful image of a person wearing a large, blue, stylized skull mask and a tall, brown top hat with a floral decoration. The person is riding a motorcycle, and the background is a mix of purple, blue, and orange hues, suggesting a sunset or sunrise.

First mover

## DeadHappy simplifies life insurance

It's an attitude thing.

Based on the fact that only 50% of mortgage holders have life insurance, and less than half of people with children under 18 have it, Dead Happy makes death-related products simple to understand, easy to use, great value, and communicated in a way that is relevant to their customers and not full of jargon.

The Patagonia logo, featuring the word "patagonia" in a bold, white, sans-serif font. The background of the entire bottom section is a photograph of a man in a red jacket holding up a red jacket, standing in front of a wooden structure with several jackets hanging on hangers. The scene is outdoors, with a stone wall and a fence visible in the background.

First mover

## Patagonia's Worn Wear 2nd hand marketplace

Patagonia and invites their customers to repair their clothing or buy from their second-hand market and thus reduce their carbon, water & waste footprint for clothing by 20-30%. It is due to similar initiatives like these from Patagonia that have driven their growth among the sustainably-minded.

F212 Case Study

# Inventing the future of financial services for one of the world's biggest banks.

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## THE CHALLENGE

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Our client, a leading global bank, realised the importance of investing in the next generations of customers and re-build the children's bank account.





## THE KEY INSIGHTS

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The assumption that children needed a bank account in the future is already outdated: the concept of the traditional current account as the primary interface with money is being undermined by the traction of challenger banks, new payment interfaces and the convergence of competition from the likes of Apple, Uber and Amazon.

We identified that today's business model was slowly becoming hollowed out;

from customers increasingly 'substituting' current accounts, volatility in customer income and balances as well as the emergence of new aggregators threatening the ability to cross sell.

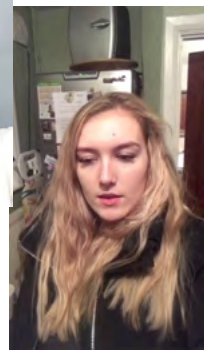
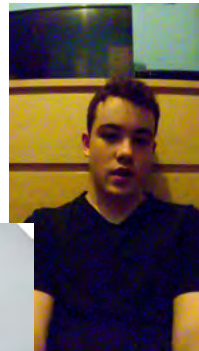
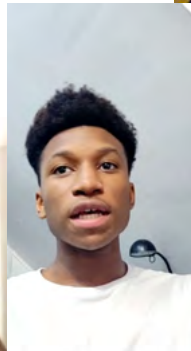
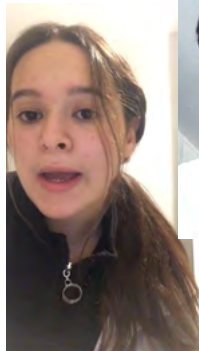
Most critically of all, loyalty could no longer be assumed, it needed to be earned through an entirely new experience.

## HOW WE DID IT

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To explore Youth's world and grasp the education journey they embark on in the first stages of their life we talked to:

- Teens and their parents from all over the UK (together and separately, in their home and via Whatsapp) to understand their life, habits, challenges, hopes and fears directly from them.
- Experts such as Primary and Secondary school teachers and a renowned child psychologist that helped us uncover the growing gap between children's smartphone adoption (sometimes as young as 8) and age of first bank account still associated to first job and more generally, life out of home (around 18).
- Youtube child stars, an FA Youth football coach who identified the importance of being relevant for the whole journey of growing up and the various points of needs for children and parents, versus catering to a specific age group or singular occasions, using the smartphone as a bridge between children's pocket cash and 'adult money.
- UX experts who taught us that solving well for one specific pain point via a simple interface was the most powerful hook, preceding a later deployment of a suite of extra features.



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*Right: Whatsapp Video Diaries with Gen Z*



## DELIVER

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To establish the relevance of everyday banking we needed identify a new trigger, a discrete moment where money plays a powerful role at a critical stage for both parent and child.

That trigger was the moment children took their first steps to independence, the transition toward secondary school. A trigger that also coincides with their first smartphone.

By integrating money and the smartphone we're not only able to solve for children and parents but also position our client in the value chain so to increase share of transaction, and therefore gather new data and insights to power new layers of value.

This solution can come to life in a variety of ways, from a bank-branded SIM card or even device with pre-loaded money and

security functionalities; or as a mobile network hosted within existing social network or messaging apps (that includes family, friends and the client's partners).



Thought piece from The Boiling Point

# Gen Z will reinvent your business, here's how...

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*New generations have always brought fresh thinking and new ways of doing things, but Gen Z will bring systemic change.*

By Tom Gray



There's been plenty written about Generation Z. Like Gen Y and Millennials before them, they're different from their predecessors. This is not a new story, it's far too easy to get swept up in trend reports and faux-insights that promise sweeping changes on a wave of chia smoothies and avocado toast.

What we're interested in is not so much the surface, behavioural differences that they exhibit, but rather the wave of social and technological change that they are growing up with – and what that means for businesses and innovators who recognize that they will be the customers of the future.

## The businesses that thrive and grow are those that embrace change

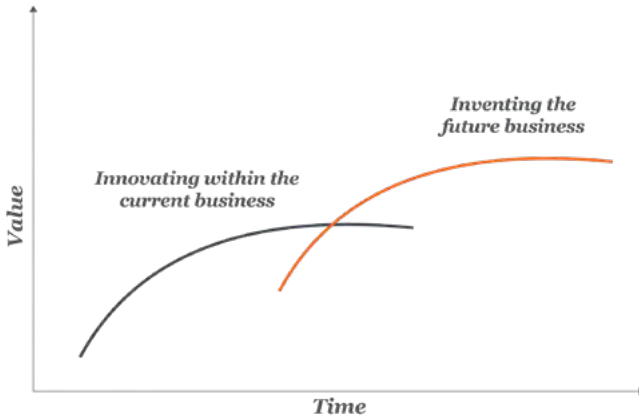
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When you're thinking about the future and the growth of your business, you are invariably trying to figure out how you maintain and increase the success of the business in the face of continual changes – in customer expectations and behavior, in technologies and in your competitor set.

This is nothing new, it's the simple truth of innovation - Schumpeter's "gales of creative destruction" which bring new products, services and business models to markets.

While the first order for any business is to relentlessly improve the current offering, there's also the truth that at some point the returns from one business will plateau and drop. In order to survive, the business must reinvent itself in some way and 'jump' onto the next curve of value generation and capture – it's a leap that Apple made when they switched from being a business that made most of its money from hardware, to one which is driven by software and content.

Successful businesses are those that have consistently managed to stay ahead of change: balancing innovation within the current business (curve 1) with strategic bets and rapid innovation on the second curve to identify and build the shape of the future business (curve 2).



## Change is constant, but this generation promises to bring systemic change

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In the 20th century, the societal rate of change – the broad beliefs that we held, the way that we communicated, transacted and organized ourselves - was much slower than generational change. For most businesses, staying relevant to a new generation of customers was as simple as adjusting the current products or services that it offered – new value propositions, new communications or sales channels – all perfectly acceptable ‘first curve’ innovation activities.

The next 10 years will be different. A combination of social and technological upheavals from austerity to AI, automation to changing family structures - means we are at the edge of a wave of social and systemic changes in the way that we live, interact and consume.



Some real world examples that shall be explored in the next two sections:

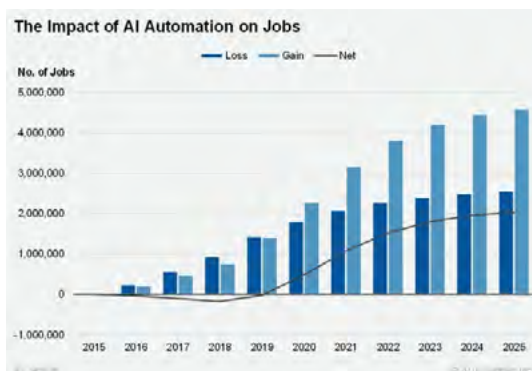
1. Jobs and work will be different
2. Modes of interaction and transaction will be different.



## Jobs and work will be different

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Automation and AI will remove swathes of jobs that we take as a given and create many new ones. Behind these will sit opportunities for new models of engagement, new products and services, new customers, new channels and new business models.



## Modes of interaction and transaction will be different

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Technology and social changes are driving changes in trust, which in turn drive new possibilities for platforms, channels and engagement models. One way of understanding this is to look at the rise of peer-to-peer businesses across different sectors. Peer-to-peer commerce has been around

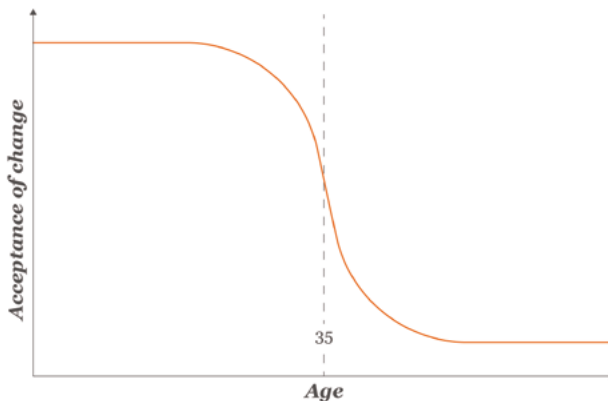
for a while thanks to eBay, and we've seen what peer-to-peer models have done to the taxi and hotel industry thanks to Uber and Airbnb. But consider what it might do to the finance industry (e.g. Stepladder), the energy industry, the customer service industry, to supply chains.

For young people growing up today this will be the new normal – for the rest of us, it's going to be really, really disruptive

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Douglas Adams had a simple framework to describe our comfort with technological change:

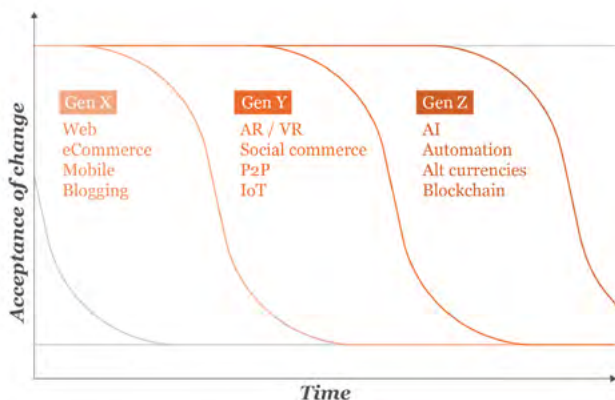
- 1. Anything that is in the world when you're born is normal and ordinary and is just a natural part of the way the world works.*
- 2. Anything that's invented between when you're fifteen and thirty-five is new and exciting and revolutionary and you can probably get a career in it.*
- 3. Anything invented after you're thirty-five is against the natural order of things."*







If you overlay this idea on the technologies and business models that have mainstreamed at the time that each generation has grown up, you can understand the wave of disruption that will surely be coming as Gen Z comes of age.



Simply put – Gen Y will bring with them a future that will challenge many of our established truths.

While business leaders who grew up in the 80s and 90s might be perfectly comfortable with the 'new' of today – mobile commerce, social networks platform businesses, the challenge is to imagine, anticipate and prepare for the new of tomorrow - a world where these norms are adapted or disrupted.

- A world where a health service might run entirely within a chat interface
- A world where it is seen as perfectly acceptable to apply machine learning to the most intimate parts of your personal relationships
- A world where sharing anything with

a complete stranger is normal

- A world where stores and ecommerce are replaced by platforms and peer-to-peer
- A world where autonomous vehicles will flip the very infrastructure of our physical environment

## Three business paradigms that will be flipped by Gen Z

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Within these possible changes, we see a couple of big flips that can mean seismic changes for existing businesses and business models

**From:** *Trust in institutions*

**To:** *Trust in peers*

Social and attitudinal change combined with the emergence of platform business models has flipped the traditional sources of trust for businesses. Where once a long heritage together with a large physical footprint were guarantors of trust, new business are showing that a connected user base, a high degree of transparency and peer to peer reviews and connections can be just as powerful drivers of trust – if not more so.



StepLadder is showing how peer-to-peer will challenge the financial services sector. It's a peer-to-peer funding platform for first time homebuyers to work together to raise money for deposits on a property.

**From:** *Businesses own and monetise data*

**To:** *Individuals own and monetise their data*

The range of data privacy scandals – from Cambridge Analytica to the British Airways hacking – have created a groundswell of awareness in the way that individuals value their data. This doesn't mean that businesses cannot build products, services and business models



off the back of customer data – but rather that the value exchange will need to be different. This can range from much higher levels of transparency all the way to new services which enable consumers to take control over their own data and ‘sell’ it to businesses.



Citizen Me is a service that enables people to exchange attitudinal data for money, or donate it to charity

**From:** *intimacy through humans*

**To:** *intimacy through humans and technology*

One of the most interesting areas of attitudinal change amongst Gen Z is their attitude to privacy and technology – and the acceptance that technology can play a greater role in helping humans to better connect with each other. The real world implications will run from how contact centres are run – with technology working alongside humans to better understand and serve the customer, through to new services which enable humans to be more successful by better applying data and analytics to very human needs.



Eros is a relationship coach that uses data and algorithms to help people have better relationships.

As customers of the future, Gen Z will define your business’s second curve

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Curve 2 for many businesses will be defined by the world that Gen Z will bring with them. As with any change this will challenge existing businesses, but it will bring plenty of new opportunities – new

products and services, new segments, new engagement models, new categories and new business models.

As strategists and innovators, we have to look for signals, place strategic bets and work quickly within the change, testing, learning and iterating our way to success.

## Three things to do now, to prepare for this next generation of customers

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1.

### Start looking for signals

As William Gibson said “the future is already here, it’s just unevenly distributed” – so look to the emerging businesses who are leaning into the changes, the ‘first of the next’ that challenge some of the established norms and truths, and which are gaining traction amongst this new audience.

2.

### Place strategic bets

Identify your north star – what direction should you be heading, given what we know about the changes that will come? And where are the areas in which your business can create and capture value, given your unique assets and capabilities?

3.

### Test, learn and increase your speed of learning

Work quickly to build the your first version of the next – increase your speed of learning by working with your next generation of customers to

test, learn and iterate your way to an MVP – use this as a way to understand your future business from the inside.

## Conclusion

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With these three strategic approaches, strategy and innovation leaders can feel assured that they can anticipate and respond to the most important changes that this next generation of customer will bring – positioning their business to survive and thrive in this new world – and cater to the fundamental human behaviours that hold constant, irrespective of age, generation or technology.

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For more articles visit The Boiling Point, Fahrenheit 212's thought leadership blog at <https://www.fahrenheit-212.com/boiling-point> and sign up to our mailing list at <https://www.fahrenheit-212.com/mercury-report>

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## Coming up next

Join us at our next Innovators' Circle event in May on **demystifying direct-to-consumer and driving growth through more direct and intimate relationships with consumers**. Keep an eye out on our website, social media or mailing list for more details nearer the time.

