



GENERATION Z AS A GROWTH DRIVER FOR TELCOS WORLDWIDE





Interview with Patricia Peiro, CSO at Telecoming



Juniper Research interviewed Patricia Peiro, CSO at Telecoming, in May 2024

How does Gen Z's usage of telecommunications services differ from that of previous generations?

Generation Z (Gen Z) refers to individuals born between the late 1990s and early 2010s. They tend to be more interested in services related to connectivity rather than the network itself.

Consider that this generation, when they first got smartphones, unlike previous generations, used them for entertainment. Older users, like Boomers, used them primarily to communicate, which is why they value the network operator and its core business so much. On the other hand, millennials got their first connected device for work, so they value the device's features and data. With Gen Z, there's a shift in how new generations relate to mobile operators. They take connectivity for granted and value entertainment services like SVOD, social media, gaming, sports, and more. Gen Z is made up of interactive consumers who use their smartphones for much more than communications.

They are interesting because they drive a change in the relationship with mobile operators. We can expect them to influence future generations, and keep in mind that 40% of the world's population is under 25 years old!

What new strategies can telcos implement to capitalise on this emerging generational user base?

Telcos are well aware of how their customer portfolio is structured. They understand the importance of younger generations today and the role they will play in the future. They have already successfully implemented strategic alliances with entertainment brands. Attracting customers through content is not new; it started with pay TV.

However, the new generations, led by Gen Z, bring something new: they are major content creators. Telcos must focus on including services that allow users to express themselves, share, create, and interact – in short, consume in different ways. For example, in sports, beyond broadcasting rights, young people engage in dual-screen consumption. While watching a game, they chat, create memes, share highlights and replays, and express their opinions on social networks. Services oriented towards this casual sports consumption model are perfect for younger consumers. They will help build loyalty and increase network usage, boosting the operator's business.

Which types of services are emerging as the most important for operators to offer?

When I mentioned alliances with entertainment brands as a key strategy for operators to retain Gen Z, I was referring to a wide range of services. This includes gaming, with new formats such as eSports and cloud gaming, where users play online, interact, compete, and take advantage of all the capabilities of the operators' networks. By its very nature, the gaming sector has been one of the pioneers in using the Internet. Consoles and PC gaming evolved into online gaming, which is now breaking revenue records worldwide. 8% of the European population are gamers and 30% of mobile users are occasional gamers.

But it also encompasses digital AI services and tools, photo and video editing, payments, and anything that can enhance the digital life of new users. Telcos need to rely on partners who can develop services that provide real value to younger users, whether by entertaining them, simplifying their lives, or introducing them to new forms of digital connection.



How does the rise of social media apps drive subscribers' demand for data?

Social networks have been the driving force behind user-generated content. Users feed social platforms with content and are the pioneers of this need for interaction. User-generated content is the cornerstone of loyalty and engagement with brands, allowing users to feel part of something bigger. This emotional connection promotes recurrence and, of course, incremental pricing.

Today, in addition to user-generated content, we are witnessing the rise of AI-generated content. Operators need to be prepared to support the massive amount of data that will come from platforms used by young people.

What partnerships are operators required to make to launch a service popular with Gen Z?

Operators can benefit from partnering with trusted companies. High-profile businesses that understand their local audience and collaborate with major brands, such as Real Madrid, which has a global fan base, are ideal. These partners must possess the technological capability to innovate in both product and marketing. Telecoming, as a sportech company that monetises mobile entertainment digital content, is an excellent choice for targeting Generation Z. Services that engage them and cater to their passions, such as sports and racing, are perfect for these new users who enjoy consuming and paying for content on their own terms.

How important are social and environmental concerns to operators, and what can operators do to be more socially and environmentally conscious?

Operators and other industries recognise that Generation Z is deeply engaged with social causes. Unlike previous generations, they expect brands to demonstrate a genuine commitment to these issues, as they desire a meaningful and shared purpose with the companies they support.