

AdAge

MOVE OVER GEN Z, GENERATION ALPHA IS THE ONE TO WATCH

BRANDS ARE GOING AFTER KIDS UNDER AGE 10, WHO ARE FAST EMERGING AS MARKETING'S POWER PLAYERS

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Marketers move on to Generation Alpha



Credit: Illustration by
Hyesu Lee

Forget pleas for a puppy. Today's kids demand gadgets. "I'd rather have an iPad—better than a dog," says one pint-sized participant in a recent video on the role technology plays in the lives of children. The clip, produced by Hotwire, a global PR and integrated marketing agency, also depicts a toddler losing control when an adult tries to wrestle away her tablet. It's part of a larger study about Generation Alpha, the tech-savvy young children of millennials whose rising influence could soon make Gen Z an afterthought.

These kids are marketing's newest power brokers. Barely out of diapers, they're already playing an outsized role in household buying decisions, even though the oldest among them are only 9 years old. (You can find our profiles on 10 under 10 influencers [here](#).)

Born beginning in 2010, the same year Apple debuted the iPad, these children are more comfortable swiping a tablet or speaking to a voice assistant than most of their adult relatives. This makes them a critical gateway for marketers looking to get in good with their parents. Some brands, like Fitbit, Crest and Walgreens, are already honing their Alpha strategies.

"The tables are turning and the kids are the decisionmakers, or at least a very powerful influencer," says Emma Hazan, who authored a report on the topic for Hotwire, which counts clients such as Visa.

Two-thirds of parents say the habits and needs of their children influenced their last technology purchase, including TVs, smartphones and tablets, according to Hotwire, which surveyed 8,000 parents of children ages 4 to 9 across eight countries, including the U.S., for its "Understanding Generation Alpha" report. The generation's influence is even higher in the U.S., where 81 percent of parents reported their kids' desire played a role in tech purchases.

Wealthy and educated

Mark McCrindle, a social researcher in Australia who coined the phrase Generation Alpha, estimates that more than 2.5 million of them are born every week. He pegs 2025 as the last year Alphas will be born. By then, their total ranks are expected to number more than 2 billion, he says. By comparison, Generation Z, which McCrindle defines as people born between 1995 and 2009, will number 1.8 billion globally.

"Generation Alpha will be the most formally educated generation ever, the most technology-supplied generation ever, and globally the wealthiest generation ever," McCrindle says.

Their biggest want? Devices and screen time.

But Gen Alpha's pester power extends well beyond technology. "The family unit is more democratized than ever before," says Jeff Fromm, a partner at ad agency Barkley and president of FutureCast, which studies generational trends. "Kids are influencing many purchases: big expensive trips, eating out—they're included more in the conversation."

Building loyalty

Brands increasingly cater to parents with their children in mind. For example, Fitbit last spring debuted Fitbit Ace, an activity-monitoring device for kids. By attracting them early on, brands hope to build loyalty through adulthood. Priced around \$100, the Ace was a hot holiday gift among elementary school kids.

On an earnings call last year, Fitbit CEO James Park praised the ability of the Ace to expand the brand's user base. It will "help create long-term relationships within the family," he said.

Fitbit is also enjoying the network effect, says Ramon Llamas, research director of mobile devices and AR/VR at market intelligence firm IDC. "Children are very astute in seeing what their friends tend to own," he says.

The offspring of cord-cutters, Alpha kids are watching less TV than previous generations, so marketers need different ways to reach them. Some brands are trying to do so by making tedious tasks less onerous. Procter & Gamble's Crest Kids, for example, recently unveiled an Alexa skill for Amazon's smart speaker designed to help children brush their pearly whites. The Tooth Fairy-approved skill tells jokes, offers fun facts and sings songs for the dentist-recommended brush time of two minutes, according to the Amazon page for Chompers, which worked with Gimlet Media and Oral B on the project.

Ryan's world

Another way to reach Alpha kids—and their parents' wallets—is to tap into a rising crop of child influencers who have their own Instagram pages and YouTube channels with subscriber counts well into the millions.

The kingpin is Ryan, a 7-year-old boy from Texas who has been doing online toy reviews since he was a 4-year-old. His YouTube channel, Ryan ToysReview, now approaches 18 million subscribers. Ryan, whose last name is undisclosed to protect his privacy, first began posting reviews, but has since expanded into science experiments and games. Neither Ryan nor his parents returned a request for comment.

"The new biggest celebrity to a kid is not Michael Jordan anymore, it's Ryan ToysReview, [their] favorite YouTuber," says Julia Moonves, VP of sales and business development at Pocket.watch, a Los Angeles-based startup that partners with young influencers on content and product development.

Like Ryan, many of these young stars built their followings with content that includes them reviewing or unboxing toys. Brands are tapping into these growing audiences by buying digital ads within the channels or even crafting pricey sponsorship deals with the influencers.

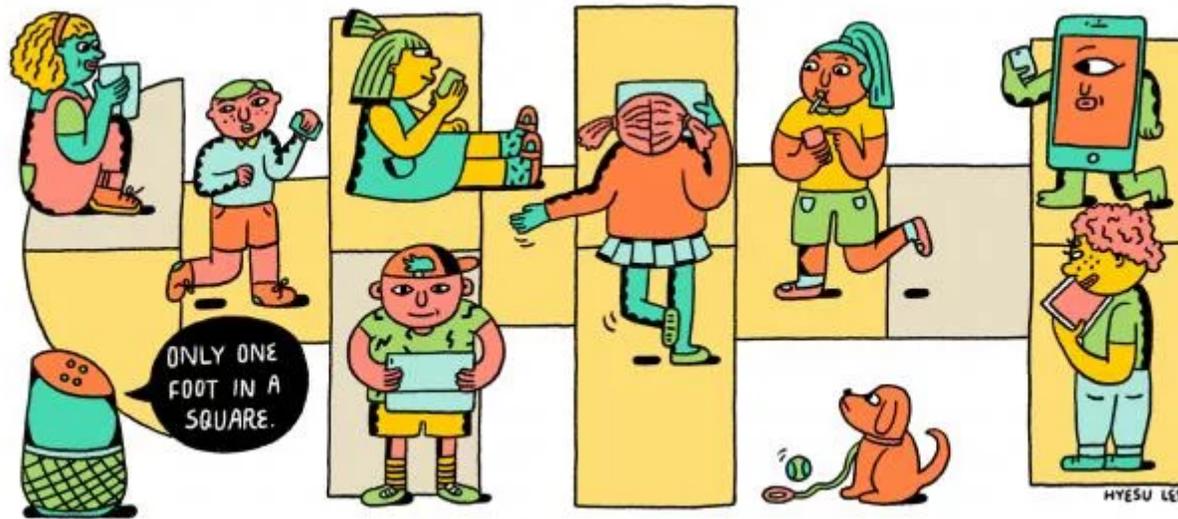
"A good percentage of our marketing investment is in that [YouTube influencers] area," says Krista DiBerardino, executive VP of marketing at Spin Master, the Canadian toymaker behind hits such as Hatchimals and Bakugan.

In 2017, Pocket.watch, which has received \$21 million in funding from investors, signed a deal with Ryan's brand to launch a line of toys called Ryan's World. One of the toys in the line, a

giant golden egg filled with surprises like slime, sold out in 10 minutes at Walmart on Black Friday, according to Moonves. The product line, also at Target, will expand this year.

Pocket.watch taps into a loop where kids watch an influencer and then create their own YouTube video to become content creators themselves.

"Kids are ... choosing to watch the branded content and then staying for the [ad]," says Moonves. She says Pocket.watch has expanded beyond toy advertisers into entertainment and consumer packaged goods brands, including Walgreens, Republic Wireless, Netflix and Halos Mandarins.



"Families
are

consuming, engaging and buying together," she says.

While there has been a lot of talk about younger generations being averse to ads, 22 percent of Alphas are still influenced by them, according to the Hotwire survey of their parents. But with

TV in decline, kids are more receptive to a video accompanying their favorite YouTube stars.

"They're open to new technology and marketers are feeding into that," says Michelle Caganap, executive director of account management at agency Red Peak. "They know how to approach these kids in a way they can identify with and they're building these relationships and plugging their products at the front door without having to go through parents or a toy catalog."

The privacy conundrum

Of course, marketers must be wary of privacy issues, particularly with tech-enhanced toys or digital channels that collect data and could potentially violate the Children's Online Privacy Protection Act. That's the federal law requiring websites and other online providers to get parental consent before collecting personal information from kids under 13.

The rules get fuzzy when it comes to voice assistants such as Google Home or Amazon's Echo, which have emerged as popular playthings for kids. The Federal Trade Commission in late 2017 ruled that it would not take enforcement action against online assistants for collecting an audio file of a child's voice when it is used to perform a search or fulfill a verbal instruction, and held for a brief time. But the exemption does not apply to personal information, like collecting a child's name.

"All of the privacy systems are broken generally, but it becomes more acute when talking about children," says Michele Martell, an attorney who runs consultancy Martell Media House. She cautions that kids cannot always make the distinction between content and an ad on YouTube, for example.

"We have to avoid the trap of thinking that because this generation is coming of age surrounded by different devices that somehow they're as sophisticated as adults or capable of

assessing the consequences," Martell says.

Despite the regulatory complexities, experts predict that voice speakers will continue to provide a portal for brands hoping to attract new consumers. Kids already interact with Google Home and Alexa on a regular basis, requesting jokes or asking for facts about the weather. Such devices are akin to friends for children, who are too young to tell the difference.

"They read books, they make fart jokes, they do all of the stuff kids would want to do to interact," says Caganap. "It's not just a virtual assistant, it's another friend."

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CORRECTION: an earlier version of this article stated that Ryan of Ryan ToysReview is 8 years old; Ryan is 7. His product collaboration with Pocket.watch, already at Target, will expand this year.

WHY ALPHA?

Demographers traditionally defined generations as "the average interval of time between the birth of parents and the birth of their offspring," which covers about 20-25 years, says Mark McCrindle, a social researcher in Australia, who coined the phrase "Generation Alpha" to define people born between 2010 and 2025. But with technology changes rapidly shifting societal values, it makes more sense to shrink generational boundaries to 15 years, he says. Alphas come after Gen Z, so McCrindle wanted to start over using the Greek alphabet "to signify this different generation will be raised in a new world of technological integration," he says.

Alphas are a different breed, for sure: McCrindle predicts that most of them won't start having children until at least 13 years after graduation from high school, and that "more than one in three Alpha women will never have children." And while Alphas will "live longer than any previous generation because of medical intervention, they will experience more health problems largely related to increasingly sedentary lives." --*E.J. Schultz*

Brands are going after kids under age 10, who are fast emerging as marketing's power players.

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