

# Thought Millennials Loved Live Video? Here Comes GenZ



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In 2017, IDC released estimates that the value of the North American Video platform market will reach \$7B by 2022. That would be a 140% compound annual growth rate from what today is still a fairly early stage market. Positioning Nexmo, the Vonage API Platform, to compete and win as a leading CPaaS offering in such a fast-growing market was the biggest factor in the decision to purchase TokBox.



We listed three factors that are enabling this growth:

- Powerful endpoints everywhere – smartphones, tablets and PCs – with high-quality camera and audio capabilities built in
- The emergence of WebRTC as the video standard that makes it easy for millions of developers around the world to integrate video into their apps
- Ready access to high quality, high speed broadband through wifi in our homes, workplaces, and public spaces, with 4G or LTE pretty much everywhere else.

For years, TokBox conducted a nationwide video usage report. Now a part of Vonage, the research has continued. We just released the most recent Video Chatterbox Nation report. In reviewing the results, I realized that we didn't highlight a very important growth driver that, when you think about it, could be more important than the above three enabling factors combined.

This fourth element is people like you and me, what we in the communication platform business call end-users, and our evolving readiness and appetite for live video.

We have always been aware of a strong correlation between your generation (or less flattering – your age) and the degree to which you use real time video as a regular mode of communication.

Millennials, for example, those of us born between 1981 and 1996 as categorized by Pew Research Center, are more likely to use live video than our predecessors from Generation X (born 1965 to 1980). But Pew recently declared the millennial generation to be closed and that people born after 1996 would fall into a new generation for behavioral research purposes, commonly referred to as Gen Z. This begs the question, how will Gen Z's preferences for live video differ from previous generations?

The most unique characteristic of Gen Z is that its members came of age in the Internet era. Unless they were born in some particularly remote or off-the-grid spot, they couldn't experience the world without the Internet and all of its information, entertainment options, and distractions playing a central role in their lives. The iPhone debuted in 2007, and so a Gen Z member's first mobile phone was likely a smartphone, perhaps handed down from a family member after an upgrade. Even so, it had more compute power and capabilities than most Gen X'ers and millennials could ever imagine.

Gen Z members are social-media savvy, often using multiple social sites to hang out with different groups of friends. They largely have ceased making voice calls unless there is no other option, preferring messaging for its brevity or video for its greater interactivity. Where earlier generations established communication habits that didn't include video as an option, Gen Z members grew up using live video to entertain themselves after school and to study with friends. They use FaceTime to connect with grandparents on the weekend (certainly less cool than SnapChat, but at least grandparents can use FaceTime). In Generation X, you needed a corner office with a six-digit videoconferencing system and an IT specialist to use live video. A Gen Z'er only needs a phone and the password to the parents' wifi (so as not to blow through the family's data plan).

In fact, in the aforementioned Chatterbox Nation survey, only 13% of GenZ participants say they never use video as a means to communicate with friends and family, compared to 55% in GenX and older.

As this generation moves into college and the workplace, they will start to replace older generations for whom video was a pretty exotic thing. Gen Z'ers will expect to have the option of speaking to a banker with video versus visiting a branch. They will prefer the convenience of using video to consult with their physician about a minor condition, confident that the video visit will be covered by insurance. When they want to learn a new language, they will sign up for online lessons and practice with a native speaker half a world away. They will want to use their smartphone to show a customer support agent a misbehaving appliance, rather than waiting for an in-home visit "between 10:00 and 4:00." They will entertain themselves with new social media experiences yet to be invented, watch online content, and play e-Sports while enjoying it all with their friends on live video.

The three earlier factors – powerful smartphones, emerging global standards, and ever-improving broadband – were direct and powerful enablers for live video crossing into the mainstream. They created the spark-ready conditions for a new generation of consumers to emerge who would expect live video to be an option for pretty much every kind of online interaction. Why wouldn't it be? For their entire lives they have had the option of live video at their fingertips. It is this new generation and its attitudes and preferences for video that will drive the 140% CAGR through 2022 and into the future.

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