

# **The Influence of Gen Y and Gen Z on the Fitness Industry**

**How Generations Y and Z  
are Impacting the Global  
Fitness Industry**



## The Awakening of a New Era

Our world finds itself at the precipice of one of the most dramatic generational shifts in the modern history of our planet; one that is positioned to dramatically change consumer purchasing behavior over the next few decades. As the 21<sup>st</sup> Century quickly approaches its third decade of existence, what was once the most influential generation in the history of mankind, Baby Boomers, are now being replaced by Generation Y (Millennials) and Generation Z (Gen Z) as the most influential consumer generations around the globe. By

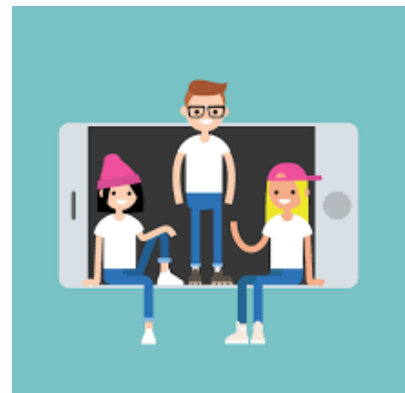


2030 Boomers will all have reached age 65, and despite representing a larger percentage of the global population than they do today (9% in 2019 and rising to 16% by 2050), their influence on consumer purchasing behavior is waning. By 2030, over 80% of the global workforce will be derived from Millennials and Gen Z and over 80% of consumer purchases will be driven by these same two generations. According to

IHRSA's *2019 Health Club Consumer Report*, Millennials and Gen Z now represent 38% of U.S. health/fitness club members, a percentage that will likely rise to over 50% in the next decade.

This shift in generational dynamics, especially as it relates to the rising purchasing influence of Millennials and Gen Z, or digital natives, is part of a much larger set of generational upheavals we refer to as "Intergenerational Darwinism." Intergenerational Darwinism speaks to the laws of evolution from a generational perspective, where challenges brought on by intergenerational differences are creating an environment where businesses must adapt quickly and regularly or lose marketplace relevance.

In the case of this whitepaper, our focus is to explore the business challenges and opportunities inherent in this generational power shift, more specifically looking at the influence being brought to bear on the fitness industry by Millennials and Gen Z.

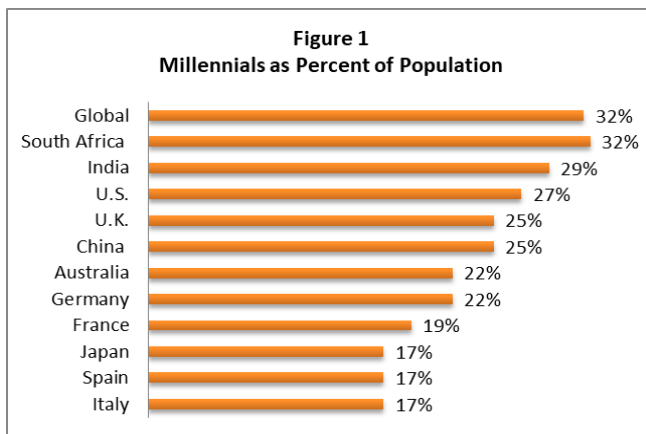


## The Beliefs and Behaviors of Millennials and Gen Z

For fitness operators to effectively market, program and design fitness experiences that leverage the purchasing power of Millennials and Gen Z it's imperative to understand the underlying attitudes, behaviors and lifestyle choices of each. What follows in this section is an in-depth look at the attitudes and behaviors of Millennials and Gen Z.

### *Millennials*

Millennials, born between 1980 and 1999 (Pew Research puts the cut off at 1996), are the first digitally native generation in the history of mankind, having grown up concurrent with the introduction and evolution of computers and digital technology. At present, Millennials

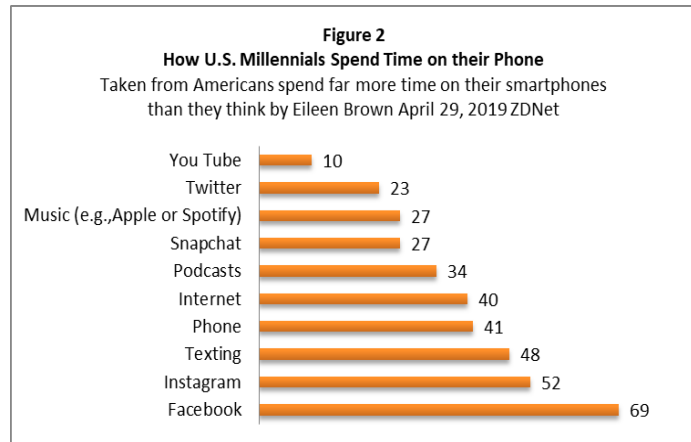


represent slightly less than 32% of the global population. Figure 1 shares information on the percentage of various national populations comprised of Millennials. As of 2020, the Millennial Generation will represent adults 21 to 40 and by 2030 adults 41 to 55. So what characteristics, attitudinal

and behaviorally, speak to the generalized persona of the Millennials around the globe?

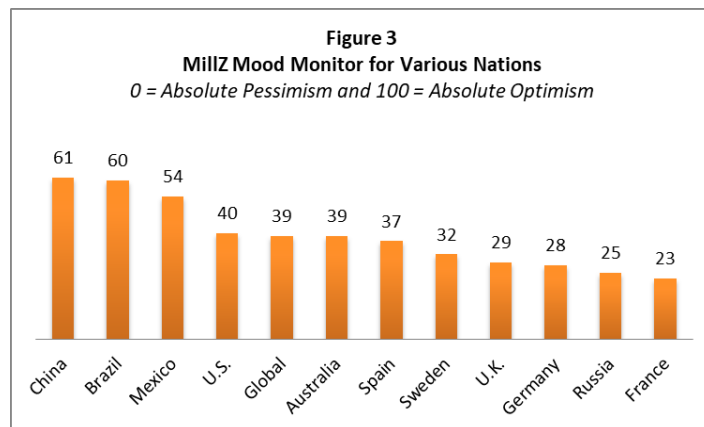
- By 2025 they will represent 75% of the global workforce and by 2030 they will represent 50% of the U.S. workforce.
- Millennials will represent 50% of consumer spending by 2020. Collectively they account for \$200 billion in purchases and indirectly for \$500 billion in purchases annually.
- They spend an average of \$838 annually on non-essential items, nearly \$300 more than Generation X and \$200 more than Boomers.
- When asked what influences their spending practices, 43% say friends and family, 33% said it helps to overcome boredom and 21% said social media was an important influencer.

- Millennials are more likely than other generations to incur credit card debt for non-essential spending (49% report doing this).
- They are masters of self-expression with 75% having a profile on at least one social media platform, 20% having posted a video of themselves online, 38% having one to six tattoos, and 23% having at least one body piercing.
- 94% of Millennials in the U.S. own a smartphone and 80% sleep with it. Millennials spent an average of 5.7 hours on their phone with 13% reporting they spend upwards of 10 hours a day on their phone. Figure 2 provides an overview of how U.S. Millennials allocated their time on a smart phone.
- 40% of Millennials report interacting with their phone more frequently than with other humans.
- 90% of Millennials are on social media, spending an average of 1.8 hours each workday immersed in the social media universe.
- Millennials love their mobile apps. On average, they spend between 2.6 and 3.2 hours a day immersed in a mobile app. Among U.S. Millennials, the top five essential mobile apps are Amazon (35%), Gmail (30%), Facebook (29%), Facebook Messenger (18%), and YouTube (16%).
- 60% of Millennials produce and/or upload content to the internet, the majority being video content.
- 40% of Millennials said their favorite social influencer understands them better than their friends.
- 55% of Millennials claim to experience FOMO if they are not constantly connected to social media.



- 86% of Millennials report a willingness to share brand preferences online, especially on social media. They indicate social media is the primary way they engage with brands.
- 80% of Millennials only want to work for firms that have cutting edge technology.
- 47% of Millennials indicate work-life balance is essential, considerably different than previous generations such as Boomers who tended to sacrifice balance for a career.
- Millennials want to have 24/7/365 dialogue capability with the brands they love. They are significantly more trusting of brands than previous generations, yet are more likely than previous generations to terminate a relationship due to trust issues.
- When it comes to starting a relationship with a business the three most important considerations for Millennials are the ethical behavior of the business (36%), business's ability to protect their data (28%) and the type of ad campaigns the business runs (28%). Conversely, when it comes to dumping a business relationship the three leading reasons are: ethical behavior (38%), company style changes (29%) and the failure to protect their personal data (25%).
- 68% of Millennials desire an integrated shopping experience, meaning they want a seamless journey through the virtual and brick and mortar elements of the journey.
- Millennials are more likely than previous generations to be living at home with 22% having boomeranged back home and 36% reporting they still receive financial support from parents.
- They are delaying or putting off marriage. Only 46% indicate they are married compared to 57% of Gen X, 62% of Boomers and 83% of the Silent Generation.
- Millennials are far more accepting of women's rights; equal pay for equal work; diversity; more likely to come from an ethnically mixed marriage; more likely to enter into a relationship with a different ethnicity or ideology, and finally accept and support same-sex marriage.
- 80% of Millennials indicate the Gig economy appeals to them (freelance and contract work).

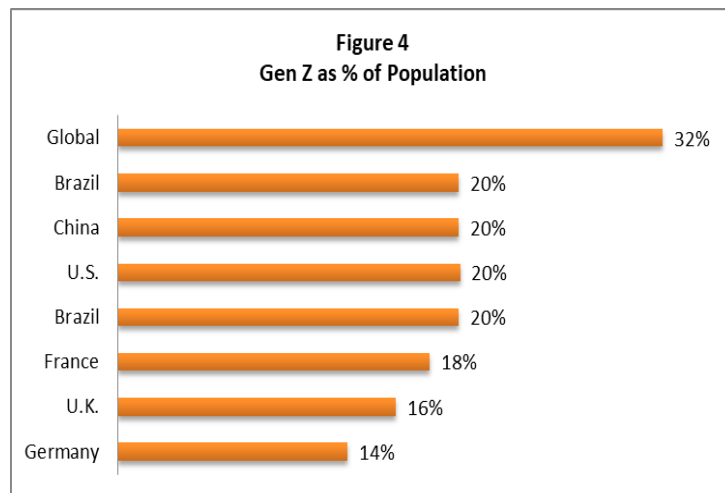
- Globally, Millennials tend to be more pessimistic than optimistic in regards to perceptions of their world based on Deloitte's MillZ Mood Monitor that measures the degree of pessimism and optimism



(0 representing absolute pessimism and 100 absolute optimism) among Millennials across five general categories (business, the environment, economic, personal finance and social political conditions). Figure 3 provides a comparison of the MillZ scores for various millennial populations around the globe.

### Gen Z

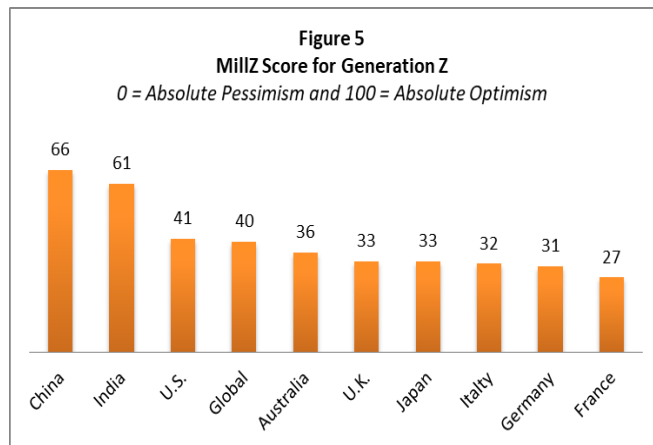
Gen Z reached a milestone in 2019, inching out Millennials to become the largest population on the planet representing, 32% of the earth's population. Figure 4 provides a perspective on the Gen Z makeup of various nations around the globe. This global milestone comes only a few years after Millennials surpassed Boomers as the largest generational segment on the planet. So what characteristics, attitudinal or behaviorally, speak to the generalized persona of Gen Z?



- A 2018 report by McKinsey referred to this generation as "TruGen" as a result of their insistence on pursuing the truth.
- Gen Z view themselves as analytical, pragmatic, cautious, fragile, adaptive, open-minded and socially responsible.

- In 2020 over 50% of Generation Z will identify as mixed race or mixed ethnicity.
- Gen Z is significantly more likely to want a family and purchase a home than Millennials.
- Gen Z will represent close to 40% of consumer spending by the end of 2020.
- Gen Z is the first 100% digitally native generation and the first generation seemingly attached by an umbilical cord to their smart phone and social media.
- Members of Gen Z are hyper-cognitive; collecting and cross-referencing multiple sources of online information prior to making a decision.
- Gen Z is considered masters at integrating virtual and offline experiences. They are the first generation to see artificial intelligence, augmented reality and virtual reality as actual human realities.
- More than Millennials, Gen Z believe profoundly in the efficacy of dialogue (mostly online) as a means of resolving conflicts.
- Gen Z sees tangible consumption as an expression of individual identity, but also as a means of access rather than possession. Gen Z consumption is also highly impacted by ethical considerations.
- 98% of Gen Z owns a smartphone, compared to 94% of Millennials.
- 85% of Gen Z investigates new and existing products online, with 69% visiting an online site based upon what they observe on social media.
- 80% of Gen Z refuses to buy from a company involved in scandal.
- When it comes to social media, 35% of Gen Z prefers Snapchat, 34% prefer Instagram and only 9% prefer Facebook for their social media consumption other than for viewing video.
- 71% of Gen Z indicates that Snapchat is their preferred platform for staying connected and 75% prefer YouTube for long-form content.
- Gen Z watches an average 68 videos a day and 50% say YouTube is the one app they can't live without.
- 71% of Gen Z watches in excess of three hours of video online each day. YouTube is visited by 80% while Facebook video content is viewed by 79%.

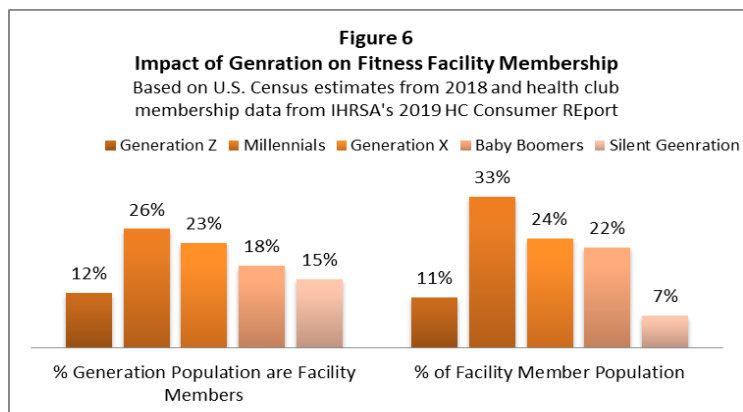
- Gen Z spend 20% more time engaged with mobile apps than other generations and 30% more time engaged with their favorite apps. On average they spend 3 to 4 hours a week engaged with non-gaming apps and 4 to 5 hours a week engaged with mobile games.
- In respect to their personal ambitions, Generation Z indicates its top three priorities are traveling and seeing the world (56%); earning more money/becoming wealthy (52%); and purchasing a home (47%).
- As reflected in figure 5, Generation Z, similar to Millennials, is generally pessimistic about the future.



## Health Fitness Facility Behavior Among Millennials and Gen Z

How and why Millennials and Gen Z engage with health/fitness facilities is influenced by the general attitudes and behaviors they display. What follows are some key insights in respect to the fitness facility behavior of Millennials and Gen Z.

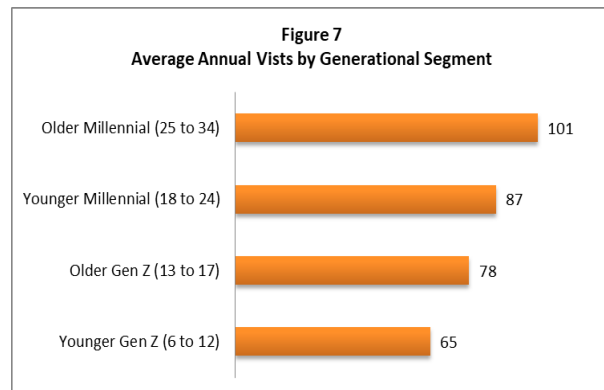
- According to data from IHRSA's *2019 Health Club Consumer Report* and data derived from 2018 U.S. Census data, it is estimated that in 2018 26% of Millennials were members of a fitness facility and 12% of Generation Z were also members of a health/fitness facility (figure 6).
- Data for from IHRSA's *2019 Health Club*



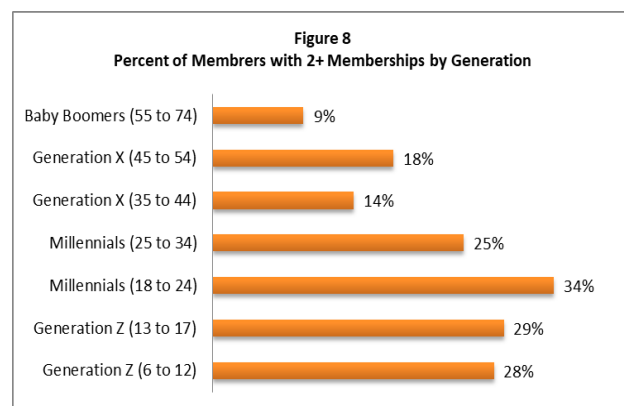
*Consumer Report* indicates that Millennials represented the largest segment of fitness facility members in 2018 at 33%, while the percentage of facility members identified as Gen Z was 11% (figure 6).

- Among Millennials, females comprise a larger percentage of the membership (55%) than males (45%). For Gen Z the mix of male to female skews slightly more male at 52% compared to female at 48%.

- When it comes to how often they visit a fitness facility, older Millennials (25 to 34) are the most active segment of Millennials and Gen Z, visiting an average of 101 times a year. Figure 7 shows the usage levels for the youngest and oldest segments of Millennials and Gen Z.



- As reflected in figure 8 young Millennials (18 to 24) are the most likely to hold multiple memberships, with 34% belonging to two or more fitness facilities. Generation Z is the second most likely to be in possession of two or more memberships with



approximately 29% belonging to multiple fitness facilities.

- Among Millennials the three most popular in-facility activities are running, yoga and HIIT. For the younger members of Gen Z (6 to 12), running, dance, step and other choreography, and walking are the three most popular pursuits. Among older members of Gen Z, running, walking and swimming are the top three activities they pursue in fitness facilities.
- Gen Z are the most likely to be members of a nonprofit or a YMCA/YWCA/JCC with 31% of each generation being a member of one or the other.

- Millennials are most likely to belong to a nonprofit (29% of generation) or a commercial fitness-only facility (28% of generation).
- Boutique fitness studios are the domain of Millennials. Just over 6% of Millennials report having a membership with a boutique fitness studio and 41% of the boutique fitness studio membership is comprised of Millennials.
- Members of Gen Z participate in small group training activities more than any other generation. The youngest members of Gen Z (6 to 12) participate in personal training more than any other generation.

### **Achieving Success with Millennials and Gen Z**

Abraham Lincoln, a former President of the United States, when confronted with the cultural storms of his period said, "...The occasion is piled high with difficulty and we must rise with the occasion. As our case is new, we must think and act and anew." This quote is particularly applicable to today's fitness industry when it comes to the challenges fitness operators face to effectively serve Millennials and Gen Z. In this second to last section of the whitepaper we bring forward general insights and recommendations to inspire fitness operators to think differently, and more importantly, act differently when it comes to running their businesses to meet the tangible and intangible needs of Millennials and Gen Z.

#### *Business Operations and Programming*

- It's all about choice, trust and transparency. Millennials and Gen Z expect the brands they do business with to align with their personal values and beliefs. Furthermore, they expect the brands they do business with to act in an ethical and responsible manner. Finally, be brands they can trust. The data shows they will terminate a relationship quickly if they perceive a brand they are doing business with has violated a promise, acted unethically, or have hidden information from them. If fitness operators want to generate customer loyalty among the members of these two generations they need to look in the mirror and ask themselves the following questions. Do I treat my customers with respect at all times, and do I treat them equally? What is more important; an autorenewal membership or giving my customers a choice? Do I require my members to

jump through hoops to cancel a membership or wait to get a satisfactory response to an issue they have? How you answer these questions may foretell whether prospects and members see you as a brand they can trust.

- Programming is no longer a generic exercise. While Millennials crave activities such as Crossfit, HIIT, and other high intensity functional activities, Gen Z prefer less intense activities. Consequently, fitness operators need to gear their programs toward generational communities. Select the generations you want to build your programming around and then tailor the programming to their interests and needs.
- Gen Z members use small group training more than any other generation and its youngest members (6 to 12) are the most likely to use personal training. Older Millennials (25 to 34) are second only to young members of Gen Z when it comes to engaging a personal trainer. When targeting Gen Z it appears a blend of personal and small group training activities is likely to be the best approach. Since members of Gen Z are most likely to be engaged with a nonprofit or YMCA/YWCA/JCC, we believe the secret to engaging them is to offer organized and structured activities that offer coaching and support in a group setting.
- For Millennials, variety and inspiration must be front and center. These individuals want to be inspired; they want to overcome boredom; they want to be part of a community; and they aren't afraid to experiment. This explains the popularity of boutiques among Millennials. As a result, fitness operators seeking to leverage the dynamics of the Millennial audience must be prepared to offer a variety of programs they can plug and play, then change at the spur of the moment. Furthermore, operators need to see programming as a stage production rather than fall back on generic karaoke programs. Lastly, programming will need to be very tribal, as both Millennials and Gen Z seek to be part of a like-minded and passionate tribe of peers.
- Get technical, especially if you are pursuing Gen Z and Millennials. Studies show these two generations prefer to engage with brands on the leading edge of technology. These two generations spend more than five hours a day online immersed in video-driven content. Furthermore these two generations, especially Millennials, seek a 24/7/365

relationship with their favorite brands. As a result, operators pursuing these younger demographic audiences must have a leading-edge digital strategy.

### *Marketing and Communication*

- Get an app and make it intuitive and appealing. Gen Z and Millennials seek to engage with brands via an app (App Natives). Consequently, if a fitness business wants to engage these two digital native generations it is essential to have an intuitive app that allows patrons to find information about the facility, register for whatever they want and finally, purchase whatever they want.
- Social media must become the hub of your communication strategy. Gen Z and Millennials use social media to seek out brands, to obtain recommendations around brands, to communicate their experiences with brands, and to brand themselves. In addition, Gen Z and Millennials visit different social media platforms, so you have to know which platforms are the ones your audience visits. Millennials are more into Instagram, Snapchat, Twitter, and YouTube. Gen Z in turn loves Snapchat and YouTube.
- Use video to share your story. Textual content and even still image content are ancient when it comes to what Gen Z and Millennials embrace. Consequently, fitness operators deciding to pursue these younger generations must shift gears and use video content, in particular content using real people to tell their brand story.
- Internet advertising is going the way of print advertising; so rethink how you share promotions. Over 50% of Millennials and Gen Z use ad blockers. Over the next decade it is possible that 75% of all internet advertising will be blocked on the devices these two generations use. The new wave will be advertising linked to organic searches on mobile devices, targeted ads in social media posts, app specific advertisements, in-game advertisements (mobile, PC and console), and possibly advertising linked to messaging apps. The point is, fitness operators need to begin looking at other forms of digital advertising beyond the typical search engine placed advertisements.
- Become an influencer. Approximately 40% of Millennials report their favorite social media influencer knows them better than their friends. OMG! In addition, these social media celebrities have an enormous influence on the brands Gen Z and Millennials view

and purchase. As a result, fitness operators either need to partner with the most popular social media influencers in their respective markets, or follow the lead of Equinox and help staff become celebrities and influencers.

- Messaging apps and social platforms are the future of personal communication. Phone calls and email will continue to be important communication tools, but over the next decade operators will need to become proficient in the use of texting, and more importantly, fluent in the language of messaging apps and social media platforms if they want to carry on a dialogue with their customers.

## **Conclusion**

In 2019, and probably for the next few decades, the Millennial and Gen Z populations will exert incredible influence on consumerism and fitness behavior. Operators can no longer take a generic one size fits all approach to operations and marketing less they wish to alienate members of the Millennial Generation and Gen Z. One thing is for sure, doing business in the coming decades will require an incredible degree of operational and marketing fluidity centered around the interests and follies of Millennials and Gen Z.

### **Select Resource**

Deloitte Global (2019). The Deloitte Global Millennial Survey 2019. London, U.K.

House of Commons Library (2017). Briefing Paper Number CBP7946 Millennials. London, U.K.

IHRSA (2019). Health Club Consumer Report. Boston, MA

IPSOS Mori (2018). Beyond Binary; The Lives and Choices of Generation Z. London, U.K.

MindBody (2019). Fitness in America: Behaviors, Attitudes and Trends. San Luis Obispo, CA.

National Chamber Foundation (2018) The Millennial Generation; Research Review. Washington D.C.

TD Ameritrade (2018) The New Basics Survey; Exploring the Non-Essential Must Haves for the Lifestyle of Today. Omaha, NE.

Curtain, Melanie (2019), 3 Ways Millennials Differ from Generation Z in 2019Trends.  
<https://www.inc.com>

Francis, Tracy and Hoefel, Fernanda (2018). True Gen: Generation Z and its Implications for Companies. <https://www.mckinsey.com>



ClubIntel ([www.club-intel.com](http://www.club-intel.com)) is the club industry's leading consumer, member and brand insights firm. Using a unique approach to understand the fitness and sport consumer, we help associations; clubs, investors and equipment manufacturers understand, appreciate and leverage consumers' needs, wants, and personal journeys, leading to a more novel value proposition for the business, more loyal customers, -happier employees, and long-lasting profitability. Everything we do is driven by our belief that human connections are the longest lasting and most profitable. Our services are designed to help you uncover and capitalize on the most powerful drivers of brand loyalty and the customer experience. Our approach, which is uniquely human-focused are built around:

### **Insight**

Data can tell you a lot, but it can't speak to you. We have the instinct and experience to decode the numbers and tell you what your members and employees are really saying.

### **Inspiration**

Finding the intangible qualities that turn members into brand fanatics, and employees into apostles, takes an empathy and passion you can only find here.

### **Impact**

Our unique, human-focused approach has helped clubs and manufacturers across the globe reap the benefits of increased member loyalty, higher employee retention and productivity and greater business profitability.