

CINC
systems

Managing to the Generations

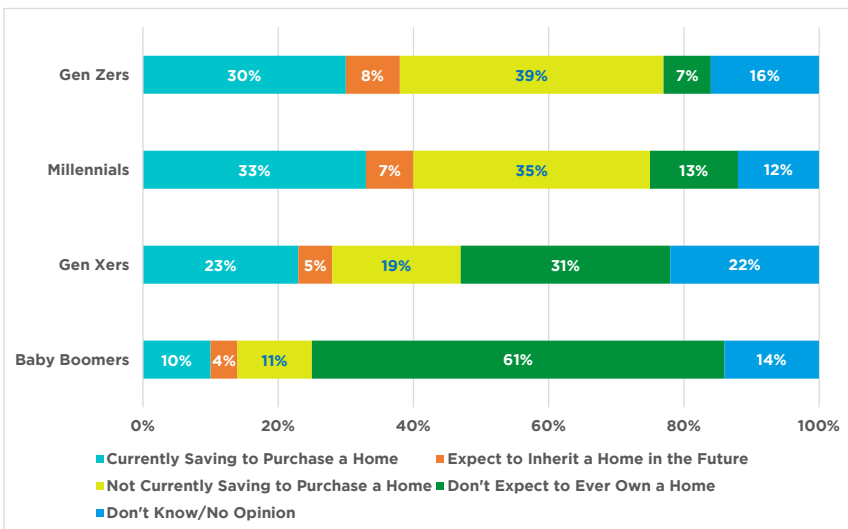
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Introduction

Every generation has a sound that defines them. Their soundtrack reflects what they've been through, where they are going, and the kind of world they want to leave behind. Baby Boomers' advent of Rock n' Roll symbolized a generation that demanded the American dream for everyone. Gen X's grunge and hip-hop evolution permeated technological innovation. DJ tricks like autotune defined the Millennial digital revolution. Then there are today's hits, in which raw emotion fused with TikTok soundbites highlight Gen Z's calls for authenticity and social upheaval.

When listening to a generation's soundtrack, it's easy to guess what types of everyday behaviors define them. Gen X's soundtrack is a gamechanger in musical innovation, so naturally, this generation would be the first to embrace online payments. The top Gen Z artists are social justice warriors, so naturally, Gen Z homeowners would expect inclusive leadership within their HOA/COA board.

The '20s mark a pivotal decade for the United States as each generation enters a new major phase in life: Gen Z enters adulthood, Millennials enter middle age, and Gen X begins to consider retirement. Neighborhoods will start to look remarkably different, especially as more and more Millennials and Gen Zers become homeowners.¹



Community association management companies need to be prepared for the momentous change about to happen within their homeowners and boards. CINC Systems conducted a survey across the United States to understand the behaviors, needs, and expectations of homeowners and future homeowners broken down by generation. This guide will highlight key findings and forward-thinking strategies that owners can bring into their communities.

Breakdown of Survey

We surveyed 750 U.S. adults aged 18 or older.

- 147 Gen Z (18 - 24)
- 283 Millennial (25 - 40)
- 206 Gen X (41 - 56)
- 114 Baby Boomer (57+)

We aimed to answer these core questions:

- *What are the key payment behavior differences within each generation, and how does this affect payments of monthly HOA/COA fees?*
- *What are the key differences in mobile usage across each generation, and how does this impact expectations of their association management company?*
- *How does each generation of homeowners and future homeowners wish to communicate with their boards, and what do they want to hear from them?*

Breakdown of Hypotheses

- ✓ **Mobile Usage** Mobile devices are widely used and accepted across all generations
- ✗ **Payment Behavior** Millennials will denote the shift from paper to digital payments
- ✓ **HOA/COA Fees** Gen X, Millennial, and Gen Z prefers to process payments through a mobile device
- ✗ **Online Payment Concerns** Websites that aren't mobile friendly are the #1 deterrent from paying online
- ⓪ **HOA/COA Communications** Millennials and Gen Z prefer mobile communication over Gen X and Baby Boomer counterparts
- ✓ **Community Involvement** Gen Z looks for inclusive values in HOA/COA boards at a greater rate than past generations

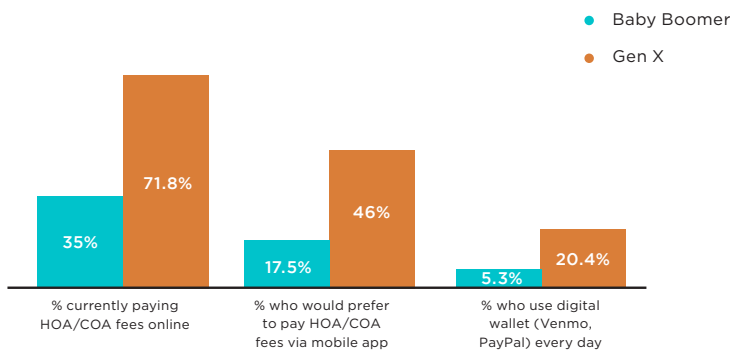
- ✓ Hypothesis correct
- ✗ Hypothesis incorrect
- ⓪ Hypothesis inconclusive

In Digital Innovation, Gen X Busts a Move.

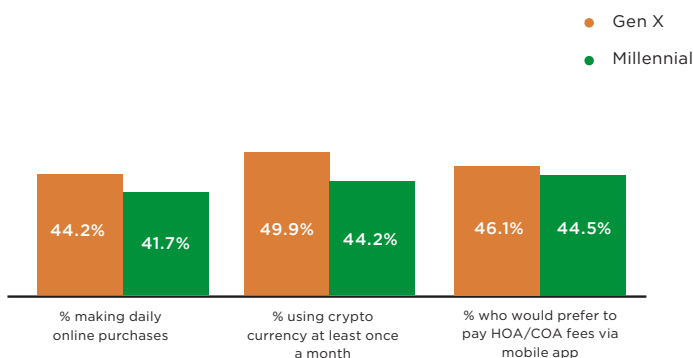
The initial hypothesis was that a dramatic shift in digital behavior would occur between Gen Xers and Millennials. Based on survey results, however, the shift happens between Baby Boomers and Gen Xers, with Millennials following Gen Xers' moves.

While society has rewarded Millennials with the title of Digital Innovator, it really should be more of a participation trophy. Because Millennials may have invented the selfie, but Gen X invented the Internet. A dramatic shift from mobile usage and payment behavior happens between Baby Boomer and Gen X. Gen X utilizes digital technology for their day-to-day just as often as younger generations, and they are quick to adapt to new technologies.

1 Takeaway #1: A massive shift in digital behavior occurs between Baby Boomers and Gen Xers.



2 Takeaway #2: Gen Xers utilize online payment options at the same rate or slightly higher than Millennials.



Don't You Forget About Gen X

Sandwiched in between Baby Boomers and Millennials, Gen Xers are often overlooked in favor for their older or younger counterparts. However as this generation starts entering retirement, the landscape of retirement communities and more traditional neighborhoods will change dramatically.

- Not Your Traditional Retirement:** 90% of Gen Xers plan to continue some form of work post-retirement in order to stay connected and intellectually stimulated.²
- ...Or Not Retiring at All:** As the generation with the most debt accumulated (average \$125,000), about 1 in 5 Gen Xers don't believe they'll be able to afford retirement in the foreseeable future.
- Autonomous Warriors:** Not known for being coddled by their Silent Generation parents, Gen Xers are some of the most independent and self-reliant individuals out of any other generation.³
- Driving Inclusion:** Raised by MTV and other progressive forms of media, Gen Xers are highly engaged in diversity and inclusion policy and embrace new values from their Gen Z counterparts.

The Bottom Line

Companies who are managing communities with an average age demographic in their 50s don't have ten years to figure out digital innovation - they barely even have ten minutes. Anyone managing to Gen X should be focused on highlighting mobile technology and innovation, and how that innovation puts the homeowner first. Mobile apps, community websites, digital payment features, and mass communication tools are must-haves that should be promoted heavily in board communications.

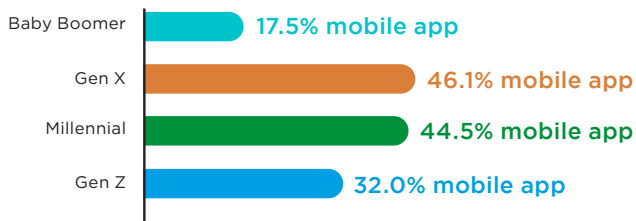
Want to Connect? There's an App for That.

The survey results confirmed the initial hypothesis that mobile payments are the preferred method of payment for Gen X, Millennial and Gen Z, and that digital payment behavior gradually increases over each generation while paper payments gradually decline.

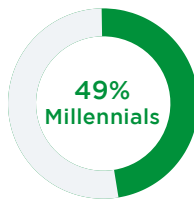
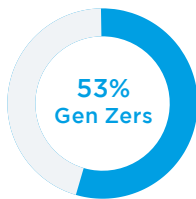
While it may not be a complete surprise that digital payments are increasing year over year, COVID-19 forced consumers to adopt digital payments at a lightning speed pace. In a consumer attitudes and behaviors survey conducted by Gartner in May 2020, US E-commerce shares jumped from 16% to 27% in just the first eight weeks of the pandemic, compared to an average growth of only 1-2 percent each year.⁶ When it comes to HOA/COA payments, homeowners across each generation expect digital ease of use. The best form of payment to offer? Hands down, it's all about the app.

1 Takeaway #1: The majority of Gen X, Millennial, and Gen Z homeowners prefer to use a mobile app for monthly HOA/COA fees.

How would you prefer to pay your HOA/COA monthly fees?



2 Takeaway #2: Paper payments are increasingly less popular amongst younger generations.



53% of Gen Zers and 49% of Millennials use a check as a form of payment less than once a year.

Millennials Are (Not So) Young

With the oldest Millennials approaching the big 4-0, the generation once taunted for avocado toast now encompasses the majority of single-family homes. Here's how the Millennial surge impacts HOA/COA values:

- **The Rise of the DINKs:** Plagued with lower income and rising student debt, fewer Millennials live with a spouse and child than other generations at the same age.⁴
- **Happy Together:** Despite fewer Millennials choosing parenthood, those who are parents are spending more time with their children than parents did in the 50s. They work hard to schedule time as one family, even if it's outside of a traditional dinner time.⁵
- **Cue the Helicopter:** Millennial families are also the safest families out of all previous generations, readily using helmets and seatbelts without question. They are open to communication regarding best safety practices for their kids, as this is a priority for them.

The Bottom Line

Management companies should be focused on developing and promoting their app in every communication available to the homeowner and board. Every newsletter should have a link to download the app in both the Google and Apple store, board members should understand the app's value and how to discuss it with other owners, and app download badges should be apparent throughout the association's website.

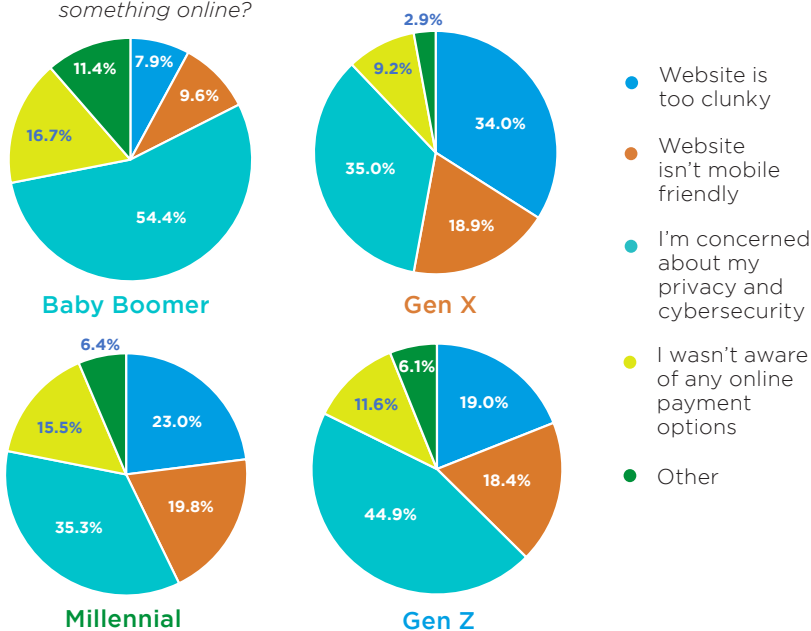
“Get Off My (Digital) Lawn!”

The initial hypothesis was that clunky, non-responsive websites would be the number one reason why Gen Zers and Millennials would choose not to pay online. However, just like their Gen X and Baby Boomer counterparts, they are most concerned with a website’s privacy and cybersecurity standards.

From office shutdowns to gas shortages, cybercrime has surged in 2021 and financial loss is expected to increase by \$20 billion.⁷ Consumers aren’t just worried about cyber attacks – they’re also concerned about a lack of privacy on their digital channels. Only four percent of Apple users agreed to have their data tracked by other apps once the company rolled out its permission-to-track initiative.⁸ These consumer behaviors are mirrored in our survey results; across every generation, cybersecurity and privacy concerns are the number one reason why one would choose not to make a payment online. The concern is most felt by Baby Boomers, followed by Gen Zers, Millennials, and Gen Xers.

1 Takeaway #1: Cybersecurity and Privacy are top concerns amongst homeowners of all ages.

What best describes why you would choose not to pay for something online?



Spotlight On: Derek Greene

CFM, CMCA, AMS President/CEO, Community Association Management, Limited

As a seasoned expert in the CAM space, Derek Greene knows how important a secure environment is when it comes to growth. Here, Mr. Greene shares why cybersecurity should be a major focus within a community association management company.

“Events that occur in the cybersecurity industry can and often do have global consequences and the possibility of catastrophic results. Security is always a topic of discussion with our prospects and clients. They always want to know how we keep their homeowners’ information safe, and what processes and controls we have in place to protect the associations funds. We also train our staff annually on security and privacy. It only takes one employee clicking on a suspicious link in an email to potentially wreak havoc. We also invest in the SSAE-18 audit to not only test our physical network security but ensure that our internal processes and controls are in place and being followed.”

The Bottom Line

Community association management companies should be emphasizing a commitment to privacy and security. Promote the ways in which data is secured – whether it be through Multi-Factor Authentication (MFA), a private cloud hosting environment, or endpoint monitoring. When it comes to privacy concerns, transparency is key. Explain why data is being collected and when – from financial data to a newsletter signup.

Gen Z Says, “Call Me By Your Name.”

As expected, mobile SMS communication is the best way to connect with a homeowner for business-as-usual communication. Surprisingly, however, a vast number of Gen Zers prefer a phone call, especially for important matters. This could mean that a ‘back to basics’ approach to communication is the way to provide unique value to the youngest crop of homeowners.

Our survey data show that SMS and email are the best ways to communicate with the majority of homeowners - unless one is trying to urgently reach a Gen Zer. As this generation grew up engulfed in SMS, email, and social media, what was once novel is now a commodity. To truly garner the attention of a Gen Z homeowner, one may consider a communication tactic that they probably haven’t done in over a decade – pick up the phone.

1 Takeaway #1: Text messaging is the most effective form of communication for ongoing updates and promotions.

How do you prefer to receive updates and special offers from your residence?

- Text
- Direct Mail/Flyers
- Push Notifications
- Phone
- Social Messaging
- Messaging Apps
- Email



2 Takeaway #2: Gen Z values phone communication from their board members for urgent matters.

How do you prefer to receive urgent communications from your residence (#1)?



The Bottom Line

Management companies with younger demographics should reconsider what communication platforms are novel vs. a commodity. Mobile communications, including phone and voice-recorded messages, should be utilized heavily, along with regular email communication for monthly newsletters. Stay clear of communications that may seem overdone and underthought, such as push notifications and social media messaging.

No Cap: Hiring Gen Z is Way Different than Millennials.

The oldest Gen Zer is turning 25 this year. This means they’re old enough to rent a car, own a home, and encompass a vast majority of entry level positions. Based on a recent study from Deloitte and NEW Network of Executive Women, here are top considerations when hiring a Gen Zer⁹:

- **Not Your Typical DEI:** Gen Z is the most ethnically and racially diverse generation in history, and over 50% of Gen Zers believe that traditional gender identities (male and female) are outdated concepts.¹⁰
- **Independence Without Isolation:** Gen Zers prefer to work outside of team environments and grow as an individual, meaning they’ll prosper more in team environments that offer individualized projects.
- **Beyond the Service:** Gen Zers place a significantly high value on the social impact of a company over their actual goods and services offered. Community outreach initiatives and team-driven mission and vision statements will keep them inspired to grow.
- **Ready to be Loyal:** So long as a company can offer diverse and entrepreneurial career paths, a Gen Z employee will be open to long term employment.

In Board Members, Gen Zers Want To See Changes

It was hypothesized and confirmed that Gen Z – a generation known for its unapologetically progressive viewpoints – would have higher expectations for social values within their HOA/COA board members than previous generations. Gen Z homeowners want board members who value and promote inclusivity, leadership, and community outreach.

Millennials have more conservative, get-to-the-point expectations in communication in board members. While Gen Zers do value fiscal responsibility, they also want to know that their leaders care about building a welcoming, inclusive neighborhood.

1 Takeaway #1: Gen Z looks for an HOA/COA board that is encompassed of true community leaders.

Please rank in order of importance the type of communication you would like to receive from your residence (Top 3):

Gen Z: Inclusion, Integrity, Leadership

vs Millennial: Integrity, Inclusion, Fiscal Responsibility

vs Gen X: Integrity, Inclusion, Fairness

vs Baby Boomer: Integrity, Fiscal Responsibility, Fairness

2 Takeaway #2: While every generation seeks fiscally responsible board members, Gen Zers also expect community involvement and outreach.

Please rank in order of importance that values you wish to see in your Board of Directors (Top 3):

Gen Z: Financial/Budget Updates, Resident Milestones, Community Philanthropy/Outreach

vs Millennial: Financial/Budget Updates, Maintenance/Repair Updates, Resident Milestones

vs Gen X: Financial/Budget Updates, Resident Milestones, Community Events

vs Baby Boomer: Financial/Budget Updates, Resident Milestones, Maintenance/Repair Updates

The Bottom Line

Communities with a 20-something demographic should expect to see more homeowners who value leadership, inclusivity, and community involvement within their HOA/COA boards. These communities should promote philanthropic and DEI initiatives. One should also use online features to highlight resident anniversaries, birthdays, new babies, and other key milestones within the neighborhood.

Watch Out: Gen C Is Coming

The COVID-19 Pandemic resulted in major changes - from temporary setbacks to longterm societal shifts. For the youngest group of citizens who have been gifted with the name "Generation C," living their formative years during a global pandemic will surely transform lifelong behaviors. Here are a few predictions that may impact family-oriented events within a community:

- **Most Likely to be Introverted:** Imagine being born in a time where the most interaction one has had with family has been over Zoom. For Gen C, socially packed arenas are predicted to lead to greater anxiety than past generations.¹¹
- **Mental Health Advocates:** No matter how hard a parent tries, it's not fully possible to keep children away from experiencing the reality behind a traumatic event such as the Pandemic. As a result, this generation is predicted to be more open to discussing and advocating for mental health awareness.
- **Mobile Natives:** Learning how to use a phone while their parents tried to work, this generation fully appreciates the flexibility of mobile technology.

Conclusion

Based on our study and research behind the generations, several conclusions can be made that can help community association management companies improve the way they engage with their homeowners and board members:



1. Gen X homeowners value **innovation**, and communities with older-aged demographics should ensure they are implementing the most efficient and forward-thinking technology available.
2. Millennial homeowners value **connection**, and communities with middle-aged demographics should offer diverse sets of involvement for both families and single households.
3. Gen Z homeowners value **inclusion**, and communities with younger demographics should be progressive in their development of community initiatives.
4. Regardless of the generation, every homeowner expects **mobile-first design** and a community management solution that is **private and secure**.

This information should be used to evaluate the current processes within one's associations and determine ways to initiate progress for the incoming crop of new owners.

Finally, let's have some fun. As one reviews the sound of their generation that encompasses their HOA/COA, please enjoy our generational playlists from Spotify.



Endnotes

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