



The world according to Generation Z

Most brands are just getting a handle on the millennials, the massive generation of young adults who began to come of age at the turn of the century, embracing new ideas and disruption along the way.

Now as the next demographic – Generation Z – begins to reach adulthood, there appear to be some similarities in their attitudes... especially in regards to product transparency, authenticity and social responsibility. But experts suggest that lumping the two demographic groups together would be a mistake, because Gen Z has its own particular point of view and will respond with its own subtle differences.

Generation Z (also known as Gen Z, iGen or centennials) is now predicted to be the largest and most ethnically diverse generation ever – and the largest generation in American history.¹ Born between 1997 and 2012,² Gen Z makes up 26% of the U.S. population³ and accounts for as much as \$143 billion in direct spending.⁴

Gen Z's sheer size alone makes marketers stand up and take note, but it is important to understand how they are different, not only to capitalize on their buying power today, but also to build loyal customers into the future.

Digging deeper

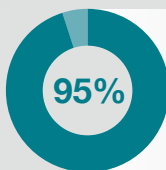
At first glance, Gen Z does seem pretty similar to millennials. They have embraced technology, social media and digital tools. While there is no complete consensus on who Gen Z is, there are some differences in the landscape of their childhoods as compared to millennials – and this may contribute to variances in how they think. Millennials, for example, were typically raised by Baby Boomers. They grew up during an economic boom, pioneered the use of mobile technologies and tend to be idealistic, focused on experiences and preferring brands that share their values.⁵

Gen Zers, on the other hand, were typically raised by Gen Xers. They grew up in the recession which began in 2008, making them more pragmatic and focused on saving money. They have never known a time before the internet, and they prefer brands that feel authentic.⁶

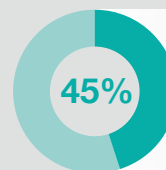
MEET GEN Z:



Spends \$44 billion annually on themselves and influences \$600 billion in family spending*



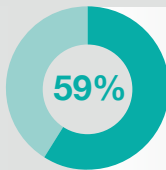
95% Use or have access to a smartphone**



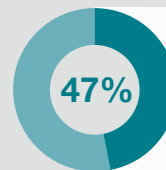
45% Say they are online almost constantly (half are connected for 10+ hours a day)**



Instagram, Snapchat and YouTube are their favorite social media platforms**



59% Are more likely than millennials to pursue college†



47% Are members of ethnic minorities†

Sources: *White Paper: "The Power of Gen Z Influence." Millennial Marketing. **Pew Research 2018: "Teens, Social Media and Technology." †Pew Research 2018: "Early Benchmarks Show Post-Millennials On Track to be Most Diverse, Best Educated Generation Yet."

Because technology has been an ever-present part of their lives, the primary means of connection and interaction for these young Americans has been electronic via their mobile devices. The implications of this “always-connected” environment are only just being studied, but according to Pew Research, recent data suggests that their connectivity has prompted shifts in behaviors, attitudes and lifestyles.⁷

Experts who have studied the demographic believe that these insights might foretell a difference, for example, in the way Gen Z thinks about spending. In a *Forbes* article looking at the financial influences of Gen Z, Joe Cardador, Ph.D., VP of consumer intelligence for advertising firm Barkley, noted that Gen Z cares more about personal success and the perception of success, is more concerned about purchasing products that make them happy, and is more willing to pay extra for products that convey the right image.⁸

Though their propensity to use technology is in-line with expectations of these young consumers, there are some unexpected insights about this generation as well. For example, they tend to prefer shopping in brick-and-mortar stores over online shopping (67% say they shop in a store most of the time).⁹ Even though they have grown up with smartphones in their pockets, Gen Z is still likely to appreciate a hands-on visit to the store.

Researchers are only just beginning to single out this generation. It is becoming clear that they will impact the food and beverage sector, and especially the demand for “real” unadulterated food, according to a report from The NPD Group. For instance, because they were raised by Gen X parents, early adopters of the organic and wellness movements, Gen Zers have higher consumption rates of organic foods and beverages than other generational groups, and they were taught at a young age about the value of food for function and nutrition, and not just taste.¹⁰

While this may be true, The Hartman Group suggests that some of these values may not yet be fully realized, especially among those Gen Zers who are still in their

teens. When it comes to health and wellness, these young consumers know what they need to do, but they don’t always “walk the walk,” according to the Group’s Gen Z 2018 Report. While 56% of Gen Z says they need to develop healthier eating and exercise habits, slightly fewer than one in four say they make healthy food and beverage choices, while 40% put a priority on foods and drinks based on flavor.¹¹



Not surprisingly, as a generation, Gen Z (along with millennials) is also leading the way in daily snacking.

Nearly 60% of Gen Zers say they can’t get through the day without a snack, and more than half see a snack as something that includes both food and beverage.¹² One in three also say that it’s hard to find snacks that are both healthy and that taste good.

As Gen Z moves into the adult world, they are likely to become a progressively more disruptive force in the food and beverage space. Following are some strategies that will be important to help brands connect with Gen Z.

Make it clean

Gen Z will increasingly value freshness, authenticity and purity in the foods and beverages they buy, so label-friendly products will continue to gain traction. But they have also grown up expecting convenience... so meal kits, snacks and product portability are likely to continue being important, even as they reach adulthood. Nevertheless, they will be expecting a high standard of innovation, with label-friendly, natural and organic ingredients. According to the NPD report, Gen Z is already embracing products like plant-based meat alternatives, carbonated flavored waters, meat snacks, frozen Asian and Indian-inspired meals, while looking for beverage options that are light on the alcohol.

It's about the experience

Gen Z is pretty much immune to traditional marketing campaigns touting how amazing a product is. They are more interested in knowing what benefit it might bring them, and more precisely, what kind of experience they can create with it. A blog from New York-based marketing and brand management company Mention explained it this way: "People all over the world are telling themselves a story about your product or service. Without a brand or an active message to support it, you can't control the story they tell. Products are 25% of what you sell.

The rest is an intangible feeling tied to the product. It's an active story that fits into the busy product-filled lives of your customers."¹³ This may be one reason why Gen Zers typically respond well to video ads and are more likely to trust influencers.

Seeking engagement and personalization

Gen Z wants to know what kind of image a product will project on them, and they gravitate toward brands that support their story. While they don't have an inherent distrust of big brands (common among millennials), they do expect to engage with brands and want them to be responsive to feedback. Gen Z also looks for personalization – with food as an expression of who they are – and this is likely a reflection of the fact that they grew up with social media.¹⁴ Products are now expected to provide an experience that is sharable, reflecting who that person is on a particular day.

At the bottom line, as brands begin targeting this generation, it is important for food marketers to understand that Gen Z grew up knowing that food is more than sustenance, advised David Portalain, food industry advisor for the NPD Group and author of *Eating Patterns in America*. "This generation was raised to be real and true to themselves, and they expect the same from their foods and beverages."

¹ *Business Insider*. "Generation Z: Latest Characteristics, Research and Facts." <https://www.businessinsider.com/generation-z>

² Dimock, M. "Defining Generations: Where Millennials end and Gen Z begins." Pew Research. January 17, 2019. <https://www.pewresearch.org/fact-tank/2019/01/17/where-millennials-end-and-generation-z-begins/>

³ Nielsen Total Audience Report 2017. <https://www.nielsen.com/us/en/insights/report/2017/the-nielsen-total-audience-report-q1-2017/>

⁴ Fromm, J. "How Much Financial Influence Does Gen Z Have?" *Forbes*. January 10, 2018. <https://www.forbes.com/sites/jefffromm/2018/01/10/what-you-need-to-know-about-the-financial-impact-of-gen-z-influence/#7336a69d56fc>

⁵ DesJardin, J. "Meet Generation Z: The Newest Member of the Workforce." *Visual Capitalist*. Feb. 14, 2019. <https://www.visualcapitalist.com/meet-generation-z-the-newest-member-to-the-workforce/>

⁶ Ibid.

⁷ Ibid. Pew Research.

⁸ Ibid. *Forbes*.

⁹ Sterling, G. "Move Over Millennials, Gen Z Now the Largest Single Population Segment." July 17, 2017. *Marketing Land*. <https://marketingland.com/move-millennials-gen-z-now-largest-single-population-segment-219788>

¹⁰ The NPD Group. "Make it Happen for Gen Z" Report. March 22, 2018. <http://www.prweb.com/releases/2018/03/prweb15348799.htm>

¹¹ The Hartman Group. Gen Z 2018 Report. <https://www.hartman-group.com/infographics/2093102077/gen-z-better-for-me-or-better-tasting>

¹² The Hartman Group. "Gen Z and Snacking." Gen Z 2018 Report. <https://www.hartman-group.com/infographics/2093719924/gen-z-and-snacking>

¹³ Larock, F. "Why You're not Selling Products, You're Selling Experiences." Mention.com <https://mention.com/blog/selling-product-experiences/>

¹⁴ Ibid. The NPD Group.