

I'm not a Millennial, but...

I'm still worth watching. Who am I?

Generation Z!

GEN Z FAST FACTS

- 68 million in the U.S.
- Roughly 20 years old and younger
- More than 25% of the total U.S. population
- Buying power close to \$200 billion—including influence in household purchases.



Why Gen Z?

Despite their youth, 68 million kids born from the mid-1990s to today (those roughly 20 years-old and younger) are now beginning to shape the next wave of consumerism, pop culture and spending power – which Mintel puts at close to \$200 billion a year when you include influence on household purchases.

This generation will dwarf the number of Millennials (estimates put the final number at around 80 million members of Gen Z). Members are showing themselves to be conscientious, hard-working, somewhat anxious and mindful of the future, says Lucie Greene, the worldwide director of the Innovation Group at J. Walter Thompson. They are open-minded, lean toward safety, privacy, caution, and a desire for sensible careers. These young consumers are also very focused on healthy eating and sustainability, in addition to variety and ethnic options when it comes to their food choices.

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On the Menu

From Q1 2009-Q1 2016, there was a 31% increase in children's menu offerings. Casual dining is the top restaurant segment catering to children, with more than 6,100 menu items. Fine dining restaurants have been accommodating a younger set of diners and good thing with 67% of parents visiting a fine dining restaurant in the past month. Here are a few innovative fine dining restaurants:

- **Agern, New York:** in April, Chef Claus Meyer hosted a pop-up dinner for children. The kids' menu featured raw fluke with horseradish buttermilk, a turnip salad with dill, glazed lamb shoulder and panna cotta with rhubarb for \$30, compared to adult meals that range between \$120 and \$145 per person.
- **Au Fudge, Los Angeles:** This restaurant concept, co-founded by actress Jessica Biel, offers a sophisticated meal experience for parents, while providing an au pair service for children. There is not a separate kids' menu, but rather a smaller options within the full menu.
- **Salare, Seattle:** Despite offering a small kids' menu they provide sophisticated dishes, including fettucine with a Bolognese sauce, cauliflower soup and a chicken drumstick served with kale rapini.
- **Gramercy Tavern, New York:** This well-known New York establishment doesn't offer a kids' menu, but still encourages children as diners. They expect children to order off of the same menu as adults.

The Foodie Generation

"The kids' night at Agern is noteworthy because it is indicative of the changing trends toward kids' foods. Millennials are the foodie generation, they are driving the major food trends throughout the country and the Millennial generation is starting to have children or already have young kids. With food being a part of the identity of the Millennial generation, it will be interesting to see how Millennials feed their children. It is unlikely that foodie parents will completely change their eating habits just because they have kids. Corn dogs and mac & cheese will probably still be mainstays on kids' menus but expect to see the emerging generation trying out less familiar cuisines with their Millennial parents." – Caleb Bryant, Mintel Foodservice Analyst



A Healthy Approach

Healthy and fresh foods are extremely important to Gen Z. They prefer healthy cooking and the additional prep and cooking that some fresh foods require isn't an issue for older Generation Z consumers who want more involvement in preparing their meals. But even when grabbing something on the go, these consumers are still looking for healthy items. In fact, their favorable view of snacking, desire to eat more healthfully, and need for convenience are among the reasons for the recent growth in snacks with a perceived health benefit.

Younger generations place more emphasis on health and sustainability in food purchases, and are willing to put their money where their mouth is, according to a recent Nielsen study. The study found that 31% of Gen Z (and 29% of Millennials) were willing to pay a premium for healthy foods, compared with 23% of Boomers and 15% of the Silent Generation.



“Generation Z and Millennials are driving changes in this country’s eating behaviors with their approach to food choice and preparation,” says Darren Seifer, NPD food and beverage industry.



E-hydrate Kids Cinnamon Roll Flavored Natural Protein On-the-Go is a premium whey blend + electrolytes for kids that you add to water. This product contains 10g natural protein, 70 calories and 4g sugar, is free of gluten and is said to hydrate, energize and help with recovery. It comes in a recyclable pouch.



Black Forest Organic Gummy Bears are USDA certified organic gummies are free from both gluten and fat, feature colors from natural sources, and contain no artificial flavors. Furthermore, these soft and delicious gummies deliver 130 calories per serving in the following flavor varieties: apple, cherry, lemon, orange and pineapple.



Ella's Kitchen Amaazing Apple and Zucchini Smoothie Drink is full of organic apples, green beans and zucchini, not from concentrate and unsweetened. This product is USDA organic certified, gluten free, contains no artificial colors, flavors or preservatives and is free from GMO. It contains less than 4% sugar, provides one full serving of fruit in every 8-oz.

Family Dinner is Different

Taking a step back from what's on the plates at dinner, we see that the actual mealtime event looks different for this generation. A shift in family dynamics has led to "more households being smaller, led by a woman who works outside the home, and (the existence of) more than one home location" according to research by the Innovation Group. Family dinner has shifted from regularly scheduled events around the table at home to more varied scenarios with restaurants playing a more frequent role. This trend applies to only 23% of Boomers and 15% of the Silent Generation.



Ethnic Foods

Technomic refers to Gen Z consumers as "born foodies" because more than any previous generation, Gen Z has been "exposed to global food influences and a more holistic approach to health and wellness. Good-tasting, high-quality, craveable food is by far the strongest driver behind Gen Z restaurant preferences."

Y-Pulse's survey of foodservice workers showed middle school students' tastes broadening to include more ethnic foods and flavor combinations, a trend that continues as they enter high school. "We were heartened to see that more than half of our professionals said tweens and teens have a greater understanding of nutrition than the previous year," says Y-Pulse executive director Sharon Olson. "As kids grow up their sense of culinary adventure increases with more interest in ethnic foods, fresh and local offerings."

Percentage of Gen Z who feel it's important for restaurants to offer these food options:

- 48% Natural
- 48% Unprocessed
- 41% Sustainable
- 38% High Protein
- 35% Organic



Conclusion

Despite its youth, Gen Z is already making an impact and their sheer size alone means they will wield a great deal of power as they grow up. As they age and their numbers grow, their interests and expectations will only become of even greater importance. Better to be the brand to connect early and establish trust for when this generation begins earning even more money and making even more purchases. Show you understand and respect their needs and discover where you can grow together!

FONA CAN HELP!

Let FONA's market insight and research experts translate these trends into product category ideas for your brand. They can help you with concept and flavor pipeline development, ideation, consumer studies and white space analysis to pinpoint opportunities in the market.

Our flavor and product development experts are also at your service to help meet the labeling and flavor profile needs for your products to capitalize on this consumer trend. We understand how to mesh the complexities of flavor with your brand development, technical requirements and regulatory needs to deliver a complete taste solution. From concept to manufacturing, we're here every step of the way.

Contact our Sales Service Department at 630.578.8600 to request a flavor sample or visit www.fona.com.

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