A group of diverse, smiling children and teenagers looking up at the camera. The image is a collage of faces, including a young girl with blonde hair, a boy with curly hair, a boy with a blue and orange shirt, a girl with brown hair, and a boy with a blue shirt. They are all smiling and looking towards the camera.

Generation Z

Perfectionistic, driven, and globally connected, Generation Z was born between 1996 to 2018 and is the largest and most ethnically diverse generation in the U.S. Nielsen reports Gen Z now makes up 26% of the U.S. population and accounts for \$29B-\$143B in direct spending. Generation Z is uniquely challenging for marketers and brands to predict, as these consumers currently span adolescence to adulthood. Constantly connected and self-observant, Gen Z emphasizes health and directly connects consumption to their own personal brand. These young consumers are poised to disrupt the alcohol and dairy industries, snack with a purpose, and desire authentic, diverse flavors in the foods they eat.

“GENERATION ME”

Generation Z, Gen Z, also dubbed “Generation Me” by Mintel, is ultra-conscious of their personal brand: that distinct story and the set of values by which they live. Gen Z consumers embrace personalization and view all consumerism as part of their identity—which includes the food they eat. About **19% of U.S. Gen Z consumers said food is their passion** and an essential part of their lifestyle and identity—taking the phrase “You are what you eat” to a new, personal level. Because Generation Z views food as a form of self-expression, they will make purchasing and dining decisions based on how the food aligns with their mood, the moment, or their moral compass.

HEAVIEST USE OF ORGANIC + NON-GMO FOODS

Like Millennials, Gen Z demands authentic, fresh, and label-friendly ingredients in the foods they eat because this reflects their own authenticity and personal brand. It’s estimated that Gen Z may be even more health-minded eaters, with young consumers displaying the heaviest use of organic and non-GMO foods, as well as increased interest in healthy, functional ingredients and benefit-driven products.



Food marketers should understand that this generation grew up knowing that food is much more than sustenance; food represents culture and therefore is an expression of who they are... This generation was raised to be real and true to themselves and they expect the same from their foods and beverages.

-David Portalatin,
NPD Vice President and Food Industry Advisor

Companies looking to appeal to Gen Z should and explore how food can reflect their affinity for self-expression. Personalization will be an ongoing trend with this generation, so creating products targeting a mood or time of day will help satisfy Generation Z’s unique needs.

PERFECTLY ANXIOUS

High achieving and performance-driven, Gen Z is more anxious than any generation before them.

TOP STRESSORS FOR TEENS INCLUDE:



Trying to get good grades



Keeping up with everything



Relationships with friends



Thinking about my physical appearance

Brands can cater to this generation by offering snacks and beverages with brain-boosting ingredients to relieve stress around grades, portable and sharable snacks to take on the go or enjoy with friends, or formulating with beauty-enhancing ingredients to reduce stress about their appearance.

Even the values Gen Z hold dear can produce anxiety and perfectionism. Ambition, excellence, and expertise are some of their high-ranking values. These values drive Gen Z to favor functional products—**51% of teens seek out products with multiple benefits**—that help them achieve their goals.

Gen We have high expectations

The values of ambition, excellence and expertise resonate more highly for Gen We consumers today than they did for Millennials at the same age in 2010.

Performance-related values are ranked higher by Gen We than they were by teen Millennials

+21
ambition

I always strive for success and achievement.

+25
excellence

I pursue and expect excellence in performance and quality from myself, others and the things in my life.

+25
expertise

I always strive to obtain expert skills or knowledge.



Base: US, Gen We consumers in 2017 and Millennials age 15 to 21 in 2010
 Note: Ranks are based on those who assigned a 6 or 7 on a 7-point scale, where 1 means "not like me at all" and 7 means "describes me exactly." Of 89 values, 1 is the strongest and 89 is the weakest.
 Source: CEB Iconoculture Values and Lifestyle Survey, 2010-2017

INDUSTRY DISRUPTORS



ALCOHOL

While most of Generation Z is under 21, emerging data shows they already track to drink less alcohol than generations before them. The Center for Disease Control found that Gen Z has the lowest underage drinking rate ever recorded.

Many Gen Z consumers aged 21 and up deem themselves *sober-curious*: they may enjoy an alcoholic beverage now and then yet are highly interested in mocktails or low ABV beverages. Take a look at the skyrocketing growth of White Claw or Truly—the proof is in the low ABV and carbonation.

Brands should consider formulating mocktails or alcoholic beverages with healthy, premium, or functional ingredients. In addition, using beneficial botanicals, adaptogens, or CBD in products could appeal to anxiety-prone Gen Z-ers looking to relax.

PRODUCTS OF NOTE:



HOPLARK HOPTEA THE CALM ONE SPARKLING HOPTEA, features a blend of chamomile flowers with the fruity aroma and flavor of citra hops. The product is said to be a refreshing spin on an old classic, has a wee bit of hoppyness, is brewed like a craft beer, and contains no calories, caffeine, gluten, GMOs, alcohol or added sugar.



DRY SODA COMPANY'S RUBY CITRUS SODA, is naturally flavored, organic, and is free from caffeine, gluten and GMOs. Said to be "the botanical bubbly for every occasion."

41% of consumers responded that they likely or definitely would buy this product.



SUFFERFEST BEER, aims to be "the Gatorade of beers". Its FKT (Fastest Known Time) Ale is brewed with black currant and has as much electrolyte-replenishing salt as a typical sports drink. (Image Source: Sufferfestbeer.com)

INDUSTRY DISRUPTORS, CONT'D



DARING TO NON-DAIRY:

Generation Z is more interested in vegan and plant-based diets than any other generation. Where has this had some serious impact? *The dairy industry.*

According to a Ypulse survey, 40% of consumers aged 13-36 have tried non-dairy milk. Add in Dean's bankruptcy declaration in late 2019 and Borden's following suit in January 2020, young consumers' interest in plant-based dairy is making waves. Creating plant-based milks with healthy, Gen Z-preferred claims like vegan and organic, adding protein for satiation, and emphasizing pure and fresh ingredients could appeal to Gen Z shoppers.

PRODUCTS OF NOTE:



THREE TREES ORGANIC BLACK SESAME NUT & SEEDMILK, is vegan and made without gum, fillers, or additives and contains just five ingredients with no added sugar, flavors or preservatives. It is claimed to be loaded with micronutrients and minerals such as calcium, but is also packed with a bold and toasty flavor.

21% of consumers responded that they likely or definitely would buy this product.



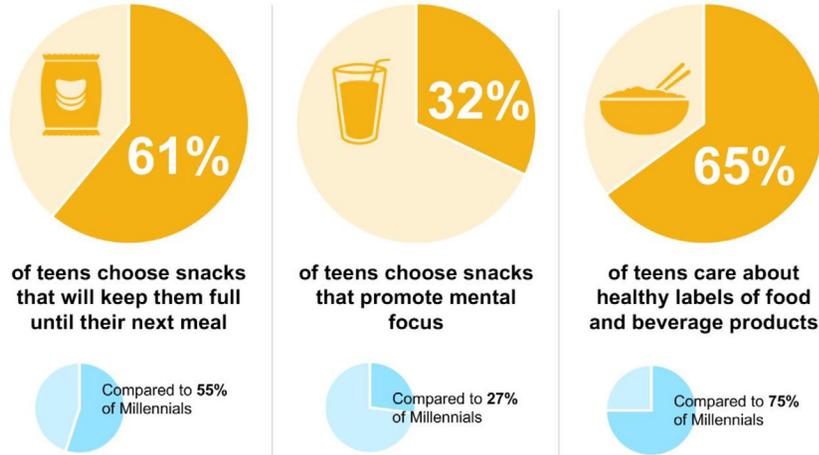
RIPPLE TURMERIC AND CHAI FLAVORED PLANT-BASED MILK, is described as a nutritious plant-based milk with super foods, including turmeric and Ripptein, claimed to be the purest plant protein on Earth. The vegan product provides 8g of protein per serving, is free from soy, nuts, and gluten.

36% of consumers responded that they likely or definitely would buy this product.

SNACKING WITH A PURPOSE

Gen We wants to be full and focused

Snacking and label attitudes: Gen We vs. Millennials



Source: CEB Iconoculture Values and Lifestyle Survey, October 2017

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CEB Iconoculture
Is now Gartner Consumer Insights

Source: Iconoculture

Gen Z loves to snack and proclaims the current offerings aren't meeting their standards. 60% of Gen Z consumers believe that snacks marketed as healthy aren't actually good for you, and 73% of U.S. Gen Z consumers wish there were more healthy snack options (compared to 64% of all U.S. consumers). Label-friendly or everyday ingredients, satiating high-protein, and unique flavors will connect with Gen Z's demands for authentic, efficient, and premium snacks.

With 49% of U.S. Gen Z consumers trying to add more plant-based foods to their diets, consider incorporating whole food, recognizable, plant-based ingredients like lentils, peas, or chickpeas.

Fresh, pure products will also align with Gen Z's focus on health, and since "keeping up with everything" is one of Gen Z's top stressors, portable, satiating, high-protein snacks they can take with them on the go will please these hungry, high achievers.

PRODUCTS OF NOTE:



THREE FARMERS SEA SALT & VINEGAR CRUNCHY LITTLE LENTILS, feature lentils as the first ingredient, are said to be packed with flavor, and deliver 7g of filling protein per serving.



HIPPIE SNACKS ORIGINAL CAULIFLOWER CRISPS, list cauliflower, pumpkin seeds, and coconut milk as the first three ingredients and claim to be a convenient, crispy and delicious snack.

37% of consumers responded that they likely or definitely would buy this product.



PERFECT BAR PEANUT BUTTER REFRIGERATED PROTEIN BITES, are made with freshly ground peanut butter and organic honey and over 20 organic super foods. Each serving has 7g protein and is said to be crafted to keep one on track, on the go and happy from the inside out.

49% of U.S. Gen Z consumers are trying to add more plant-based foods to their diets.

STREET FOOD



As the most globally connected generation, many young consumers are interested in region-specific, bold flavor profiles with authentic textures or exciting sensations. Gen Z's younger age makes them slightly less flavor adventurous than Millennials, so taking a familiar flavor and adding a twist—carbonation, sour, or authentic spices could entice them.

Ethnic cuisines like Asian and Hispanic dishes are popular with Gen Z, which has led to the latest trend piquing Gen Z's interest: street food. **42% of Gen Z-ers want to see more street food on the menu**, and these flavors can translate to the grocery store aisle—whether it's Mexican street tacos, Canadian poutine, Vietnamese bánh mì, or French crepes—Gen Z craves authentic, delicious global flavors.

PRODUCTS OF NOTE:



REGRAINED MEXICAN STREET CORN SUPERGRAIN PUFFS, are Inspired by the iconic flavors of Elote: sweet fire-roasted corn is balanced by cheese, chili, and lime for the ultimate savory indulgence.

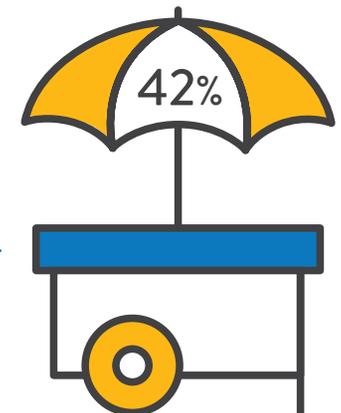


KRONOS WORLD CUISINE STREET SCENE CARNE ASADA, is fully cooked beef marinated in a zesty ranchero sauce and a blend of Latin American inspired spices, is microwavable, and aid to be easy, authentic and tasty.

41% of consumers responded that they likely or definitely would buy this product.



GLORIOUS! STREET FOOD SWEET POTATO THAI MASSAMAN SOUP, launched in the UK in early 2019 and is described as a rich, curry spiced sweet potato and cauliflower soup with coconut.

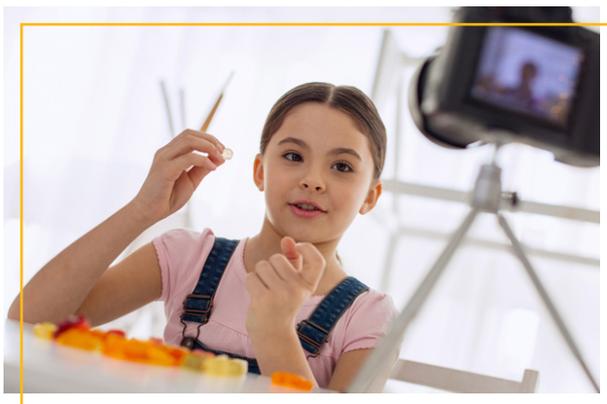


GEN Z-ERS WANT TO SEE MORE STREET FOOD ON THE MENU

THE TAKEAWAYS

Even though Generation Z is still young and difficult to predict, they've already begun to disrupt age-old industries like alcohol beverages and dairy milks. With global palates and plant-based preferences, ethnic dishes and meatless meals will become more in demand in the coming years. Finding products that fit in with their unique personal brand will continue to be a goal for Gen Z; and with values like ambition and excellence, these go-getters will expect the same values and authenticity in the food they eat.

YOU DESERVE MORE. LET'S GET STARTED.



What does true partnership look like? You deserve a flavor partner ready to turn these trends into the tangible.

Let FONA's market insight and research experts get to work for you. Translate these trends into bold new ideas for your brand. Increase market share and get to your "what's next." Our technical 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. Let's mesh the complexities of flavor with your brand development, technical requirements and regulatory needs to deliver a complete taste solution.

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- Morning Consult
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IMAGE SOURCES (IF NOT MINTEL)

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