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The Technomic Viewpoint

Providing periodic insights into the food industry

“If you think Gen Z isn’t worth your time yet due to a lack of spending power, think again.”

Pay Attention to Gen Z

By Kelly Weikel, Senior Consumer Research Manager

In the past few years, I’ve been asked about one consumer group more than any other: Millennials. How can we engage them, how can we influence them, how can we gain their loyalty?

More recently, questions have shifted toward a greater emphasis on what is still the largest and most financially comfortable generation, Baby Boomers. How can we evolve with them as they age? How can we meet their shifting needs? Still others are starting to ask how to reach Millennials without alienating Boomers.

These are all great questions, and all worthy of research, but there’s a major question that’s largely gone unasked: What’s next? Or more specifically, *who* is next.

MEET GENERATION Z

Gen Z, Gen Next, Gen Tech, Post-Millennials. Regardless of what you call them, and of the larger societal factors that will ultimately determine how we classify this generation, they are next. With some defining the generation as those born as early as 1995, by some accounts they are already here. They share many traits that set Millennials apart from other generations, often to an even greater degree, but there are also important differences.

The first true digital generation, Gen Z has never known a world without instant access to information via the Internet and mobile technology. They are highly multicultural—according to the U.S. Census Bureau, nearly half (47%) of all Americans under the age of 20 are non-white. And they are grounded. Coming of age in a post-recession, post-9-11 era has tempered the optimism seen among many Millennials.

So why does Gen Z deserve our attention?

Buying Power and Influence

If you think Gen Z isn’t worth your time yet due to a lack of spending power, think again. Many are teens or college students, already with an

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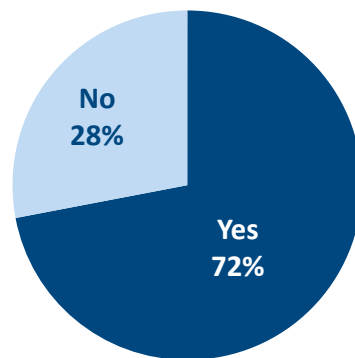
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estimated \$250 billion in spending power and primary decision makers for both their retail and foodservice food and beverage purchases. Many college students, teens and, increasingly, even older tweens routinely visit restaurants outside of family-dining occasions.

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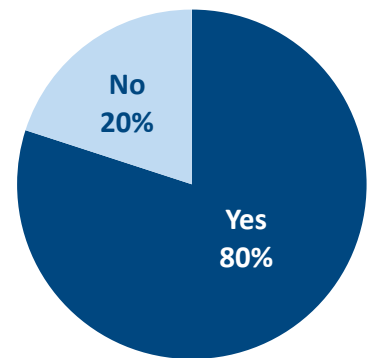
While the youngest in the cohort may not earn an income beyond an allowance, they have considerable pull when it comes to their parents’ purchases and dining decisions. Moms tell us that most family-dining decisions are made as a group and that children’s preferences are strongly considered. Technomic’s Teens & Tweens study found that parents also often comply with specific restaurant requests from their children. For example, 80% of parents whose child suggested a restaurant after seeing a television ad agreed to the visit.

HAVE YOU ASKED YOUR MOM OR DAD TO TAKE YOU TO A SPECIFIC RESTAURANT BECAUSE YOU NOTICED THAT RESTAURANT IN A COMMERCIAL OR ON TV?



Base: 750

DID THEY TAKE YOU?



Base: 540

Source: Technomic 2011, Teens & Tweens Report

Patronage and Reliance on Foodservice

Gen Z uses foodservice heavily, and chances are good they will eventually be heavier users than any other generation. Technomic’s recent Generational Consumer Trend Report found that 68% of Gen Z consumers (defined as those aged 13-21) and 73% of older Gen Z consumers aged 18-21 already use foodservice at least once a week. Their visitation is on par with Boomers (67%) and in the same ballpark as Millennials (77%) and Gen X consumers (74%)—pretty remarkable for a group largely not yet earning a substantial income.

Their usage will likely grow—and not just as a result of greater earning power as they age. Gen Z is poised to be especially reliant on foodservice because it’s deeply ingrained in their lifestyle. It fits their needs for a wide range occasions: a place to socialize, a place to work or study, and an easy source for the fast, convenient meals their busy schedules require. They’ve grown up using foodservice more other generations and will likely continue the trend of increasingly opting for foodservice over cooking family meals at home.

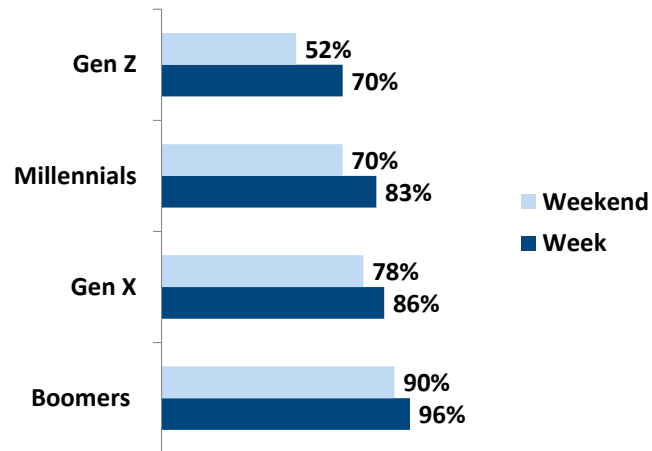
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Kelly specializes in uncovering the underlying consumer needstates and motivations that shape foodservice behaviors. Her focus is on providing insights on consumer attitudes and usage across foodservice products, amenities and brands. Kelly has played a key role in developing Technomic's Consumer Trend Reports and many other signature studies. She can be reached at kweikel@technomic.com.

WHEN I WAS GROWING UP, MY PARENTS COOKED AT HOME ALL OR MOST OF THE TIME DURING THE...



Source: 2014 Generational Consumer Trend Report

Expectations and Loyalty

Gen Z is a highly demanding consumer group. Just as they were raised to rely on foodservice, they have also grown up in an environment where foodservice caters to customers' needs and embraces technology that streamlines ordering and delivery processes, making occasions more engaging and interactive, and putting them in greater control of their experience.

Although the general use of foodservice is already part of their lifestyle, Gen Z is still in the trial phase. Compared to other generations, their brand, food and flavor preferences are less established, meaning that their specific habits and loyalty are (largely) still up for grabs.

WHY NOW?

Perhaps the most compelling reason to ask about Gen Z now is that few others are. The industry was late to jump on the Millennial bandwagon, responding to the shifting behavior of their changing customer base rather than preparing for it.

The next big generation will both embody and create the future of foodservice. Those who understand Gen Z before the industry as a whole will be best armed to anticipate and meet their needs, putting them at a significant advantage. Deciding if and when Generation Z deserves your attention is the easy part; the hard part will be figuring out how to get THEIR attention.