

# Consumer Corner

## iGeneration/ Generation Z



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# iGeneration

## Generation Z

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### Who is the iGeneration?

Born after 1995, in 2018 the iGeneration was comprised of tweens (aged 11-12), teens (13-17) and young adults (18-23), spanning a wide range of life stages, perspectives and interests. Also called “Generation Z,” or “post-Millennials,” the iGeneration is the first generation of true digital natives born after the inception of the internet. Because of this, they are named for their unique involvement with technology, access to information and expectation for personalization.<sup>1</sup>

**iGeneration is expected to reach 2.56 billion by 2020**

**The iGeneration is expected to reach 2.56 billion globally by 2020, accounting for 32.8 per cent of the world’s population.<sup>2</sup>**

In 2018, the iGeneration in the United States comprised about 17 per cent of the population. Although they don’t stack up to the Millennials (nearly ¼ of the population) in terms of size, they are an important group for marketers to understand for two reasons:

- They are entering their prime earning and spending years and will soon fully occupy the desirable 18-34 demographic.
- They are quickly replacing Millennials as the young, influential trendsetters.<sup>3</sup>

### Canada’s iGeneration

Like in the U.S., the iGeneration also represents a significant portion of the Canadian population. According to the latest available data, and as illustrated in **Figure 1**, the iGeneration represented about 15 per cent of the total Canadian population in 2016.

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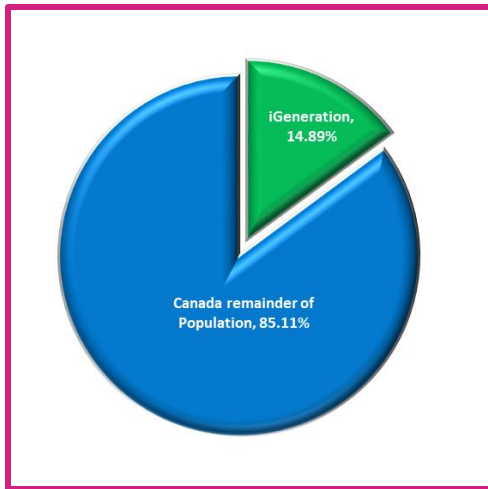
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<sup>1</sup> Mintel, Marketing to the iGeneration, US – May 2018

<sup>2</sup> <https://aaronallen.com/blog/gen-z-food-trends>

<sup>3</sup> Mintel, Marketing to the iGeneration, US – May 2018

**Figure 1: Canada iGeneration as Percentage of Total Alberta Population 2016**

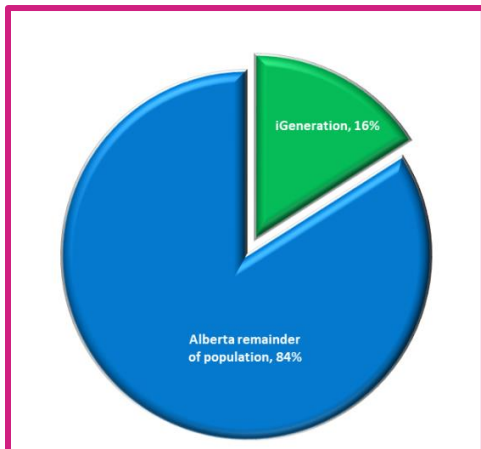


Source: Statistics Canada – 2016 Census, Catalogue Number 98-400-X2016001.

## Alberta’s Young Population

In 2016, Alberta comprised about 12 per cent of the total Canadian population. As indicated in **Figure 2**, the iGeneration represented about 16 per cent of the total Alberta population in 2016.

**Figure 2: Alberta iGeneration as Percentage of Total Alberta Population 2016**



Source: Statistics Canada – 2016 Census, Catalogue Number 98-400-X2016001.

Marketers should start building a relationship with this group now so that they can earn loyalty with this generation as they come into their own.<sup>4</sup>

The following noteworthy characteristics will help marketers to understand this generation further.

## Racial Diversity

Because the iGeneration is the most racially diverse group of Americans, a multicultural perspective is a “must have” not a “nice to have” for brands targeting this group. Brands should think about inclusion in an even a broader sense to appeal to iGens – aiming to connect not only with people of different racial and ethnic backgrounds but also with those of different shapes, sizes and abilities.<sup>5</sup>



## iGens’ International Palate

International foods seem to have greater appeal among younger generations compared to older generations. International Food Trends US, January 2018 indicates that 60 per cent of adult iGens have consumed Japanese food in the past three months, versus 25 per cent of Baby Boomers. This trend holds for nearly all international foods types, from Indian to Korean. This may be in part because younger generations are more diverse, in terms of race, ethnicity and background, but they also may have access to a wider range of food types from early on in life; therefore, cultivating their appreciation for international cuisine.

In response to this diversity, retail and foodservice brands are using international flavors to spice up their menus – in some cases, quite literally. One of the predominant food trends for eating at home, and away from home, is international hot sauce. While the condiment market is flat overall, **hot sauces like**

<sup>4</sup> Mintel, Marketing to the iGeneration, US – May 2018

<sup>5</sup> Mintel, Marketing to the iGeneration, US – May 2018

**sriracha and Cholula have been growing.** Mintel, a market research company, predicts that **gochujang (Korea), sambal (Southeast Asia) and harissa (North Africa) are all contenders to be the next, big international flavor** as well there is potential for products such as **tikka masala meal kits** or **Chinese Peking duck-flavored potato chips**.<sup>6</sup>

## Plant Based Food

The percentage of iGen's enjoying plant-based meals nearly doubles from junior high students to high school graduates, (perhaps as a result of the iGeneration learning more about alternative proteins) and may contribute to the continued growth for plant-based trends.<sup>7</sup>

Almost half (44 per cent) of the iGeneration say being vegan is cooler than smoking. A new study carried out by plant-based fresh food brand, BOL Foods, revealed that "almost a quarter of 18-24 year olds have turned vegan in the past year, 35 per cent are on the hunt for a vegan partner and one in three would try going vegan as it looks more impressive to others". BOL Foods launch of 100 per cent plant-based innovation in 2018 has driven over 120 per cent year on year growth.<sup>8</sup>

## Organic Food



Even though organic products are sought after by a smaller group of adult iGens,

this claim stands out more for young consumers in general. Millennials and iGens are far more likely

than older generations to say they shop specifically for organic items.

The iGeneration has higher consumption rates of organic food and beverages than any other group, according to market research firm NPD. They were also taught to value food based on nutrition and function, not just in terms of taste. The iGeneration accounts for some of the heaviest use of organic and non-GMO foods.<sup>9</sup>

## Health Conscious

The iGeneration is focused on natural, organic, allergen-conscious and sustainable foods: these attributes have a stronger appeal than "low-fat" and "low-calorie." Almost half (41 per cent) of the iGeneration say they would pay more for foods they perceive as healthier compared to 32 per cent of millennials and only 21 per cent of baby boomers, according to a Tufts nutrition report.<sup>10</sup>

With parents on the lookout, America's youngest consumers are increasingly growing health-conscious. One quarter of teens aged 15-17 say they worry about staying healthy, with another 49 per cent agreeing that they think drinking soda is unhealthy.<sup>11</sup>

"The iGeneration has come of age at a time when health and wellness is a major consideration. Many younger members of the iGeneration follow their parents' healthy ways and it seems health-consciousness gets stronger as they approach adulthood. However, health is multi-faceted for this group, suggesting that better-for-you formulations such as fruits and vegetables can be expanded to give this generation options that fit with their ever-changing diet priorities," said Dana Macke,

<sup>6</sup> Mintel, Marketing to the iGeneration, US – May 2018

<sup>7</sup> <https://www.smartbrief.com/original/2018/09/enter-gen-z-new-disruptors-food-culture>

<sup>8</sup> <https://www.plantbasednews.org/post/44-of-generation-z-vegan-cooler-smoking>

<sup>9</sup> <https://www.foodbusinessnews.net/articles/11515-why-food-manufacturers-should-be-targeting-gen-z>

<sup>10</sup> <https://aaronallen.com/blog/gen-z-food-trends>

<sup>11</sup> <https://www.mintel.com/press-centre/food-and-drink/generation-z-set-to-impact-the-future-of-food-and-drink-innovation>

Associate Director, Lifestyles and Leisure Reports, at Mintel.<sup>12</sup>

The iGeneration also takes notice of the ingredient list. When NPD posed the question as to how much clean eating affects the overall quality of one's life, 55 per cent of survey participants aged 18–24 said very much, as compared to 42 per cent of 24–34 year-olds, 36 per cent of 35–54 year-olds and only 26 per cent of those 55 or older.<sup>13</sup>

With the rise of better-for-you snacks and beverages, iGens prefer plant-based beef alternatives, ramen, yogurt, sparkling water like LaCroix and frozen ethnic foods. A study by NPD says they are most likely to shop in convenience stores and use vending machines. To respond to these demands, retailers like Walmart have opened convenience stores that offer healthy options.<sup>14</sup>

## Experimental Diets

The iGeneration enjoys experimenting with creative food fusions, flavors and healthy options. Additionally, many iGens enjoy experimenting with new styles of diets. They test out different diets, such as gluten-free, vegetarian, paleo or dairy-free. The food exploration that the iGeneration seeks provides experiential currency and there are few things the iGeneration values more than shareable experiences. These youngsters want to be trendsetters within their group of friends, and a unique atmosphere or meal that makes dining an experience can elevate their social status.<sup>15</sup>

## Snacking

The iGenerations's on-the-go lifestyle lends itself to more ready-to-eat foods that may be incorporated

into or in between traditional meals. "Snacking is just an extension of who this generation is," David Portalatin, food industry adviser for NPD and author of *Eating Patterns in America* said. "They're more likely than any other generation to incorporate snack foods as a part of breakfast, lunch or dinner. They're doing this at a rate 53 times more on a per capita basis annually than any other generation".<sup>16</sup>

## Alcohol consumption down among the youngest drinkers



Adult iGens aged 22-24 are less likely than Millennials to consume alcoholic beverages. This may be in part because iGens are still relatively young, but given their risk-averse behaviors in general, it is likely that iGens won't be a generation of heavy drinkers. Because of this, alcohol brands are considering how they can win them over. Some are developing non-alcoholic or low-alcohol beverage options, for example MillerCoors' Two Hats, a light beer brewed with natural fruit flavors launched in February 2018. At the same time, appealing to non-drinkers and drinkers alike, foodservice brands are upping their "mocktail" game, making these beverages as unique and appealing as a craft cocktail. Mocktail menu items increased 23 per cent in the US foodservice market between 2013 and 2017.<sup>17</sup>

<sup>12</sup> <https://www.mintel.com/press-centre/food-and-drink/generation-z-set-to-impact-the-future-of-food-and-drink-innovation>

<sup>13</sup> <https://www.qsr.com/magazine.com/reports/how-win-gen-z-restaurant-business>

<sup>14</sup> <https://www.grocerydive.com/news/grocery--how-will-gen-z-educated-consumers-impact-food-and-grocery/533754/>

<sup>15</sup> <http://www.millennialmarketing.com/2017/09/what-do-gen-z-eating-habits-mean-for-food-brands/>

<sup>16</sup> <https://www.foodbusinessnews.net/articles/11515-why-food-manufacturers-should-be-targeting-gen-z>

<sup>17</sup> Mintel, Marketing to the iGeneration, US – May 2018

## Transparency

The wide availability of high speed internet has had an immense impact on how the iGeneration views the world. For them, no question is too complicated to answer. If businesses aren't willing to give these consumers the transparency they seek, they'll investigate on their own. This curiosity extends into their food choices. The iGeneration wants to know where their food comes from, how it was grown and harvested, and how it ended up on their plate.<sup>18</sup>

Labels with clear, in-depth descriptions about ingredients and their sources will provide a sense of comfort and ease for a generation that is constantly questioning everything. Incorporating more fresh, local ingredients can become a powerful marketing tool.<sup>19</sup> As leadership teams develop their strategic plans they should take these young diners seriously since it's only a matter of time before the 61-million-strong iGeneration transforms the food service industry.<sup>20</sup>

## Social and Environmental

The iGeneration's concerns about clean air and mitigating climate change will mean a company's sustainability practices and positions on environmental legislation and regulations will come under greater scrutiny.<sup>21</sup>

Restaurant operators can further tap into this group's desire for health-conscious and sustainable options with **recycling programs and biodegradable packaging**. An estimated 89 per cent of the iGeneration prefer to buy from a company supporting social and environmental issues over one that does not.<sup>22</sup>

<sup>18</sup> <https://aaronallen.com/blog/gen-z-food-trends>

<sup>19</sup> <https://aaronallen.com/blog/gen-z-food-trends>

<sup>20</sup> <https://aaronallen.com/blog/gen-z-food-trends>

<sup>21</sup> <https://www.foodbusinessnews.net/articles/11739-gen-z-will-drive-significant-change-in-food-marketing-and-manufacturing>

<sup>22</sup> <https://aaronallen.com/blog/gen-z-food-trends>

## DIY mentality

Raised in an era where consumers have access to information at their fingertips 24/7, younger generations have grown up with the ability to thoroughly research their hobbies and interests, resulting in 80 per cent of iGeneration consumers under age 18 saying their hobbies/interests are just as important as their school work. Thirty-six per cent of consumers aged 10-17 and 31 per cent of those aged 18-22 believe that being creative is an important factor to being successful as an adult. This highlights **an opportunity for food and drink brands to offer do-it-yourself experiences that help tweens, teens and young adults be creative and, eventually, confident in the kitchen**.<sup>23</sup>

"The wide range of food media, whether MasterChef Junior or YouTube videos, has piqued an interest in food and drink among some members of the iGeneration. This younger generation's easy access to technology and interest in being creative presents an opening for interactive products that encourage the iGeneration to safely experiment and extend their passion for food and drink, such as chips that allow consumers to make their own flavor or kits to make more complex recipes or international meals at home," concluded Jenny Zegler, Associate Director, Mintel Food & Drink.<sup>24</sup>

## Small brands

The iGeneration sees **food as a form of self-expression**. They are looking for brands that connect with them on a personal level, and big brands may have a hard time offering that as easily as smaller brands. That's why small brands that value authenticity tend to do better with this generation.<sup>25</sup> This provides for a lot of opportunity

<sup>23</sup> <https://www.mintel.com/press-centre/food-and-drink/generation-z-set-to-impact-the-future-of-food-and-drink-innovation>

<sup>24</sup> <https://www.mintel.com/press-centre/food-and-drink/generation-z-set-to-impact-the-future-of-food-and-drink-innovation>

<sup>25</sup> <https://www.grocerydive.com/news/grocery--how-will-gen-zs-educated-consumers-impact-food-and-grocery/533754/>

among small, up-and-coming brands with a strong digital presence.<sup>26</sup>

## New and Novel

Both tween/teen iGens and adult iGens feel comfortable buying from their familiar brands. At the same time, new brands pique some interest. While trust and efficacy can help traditional brands maintain a strong following among iGens, they must also continually promote what is new and novel to keep iGens from getting bored.

## Online Shopping



As potential disruptors of the food and beverage industry raised in the era of social media, it's probably no surprise that online shopping

and delivery is going to play a major role in the iGeneration's future food-sourcing habits. Online grocery and restaurant delivery will compete for many more of the iGeneration's at-home eating occasions relative to previous generations. With easy delivery at home, when the iGen ventures out, to shop or to dine out, it will be on their terms, such as when they want a specific type of experience.<sup>27</sup>

## What Does This All Mean?

- Since Alberta's iGeneration represents 15 per cent of the total population, and the iGeneration represents 16 per cent of the total Canadian population, this provides opportunities for Alberta producers and processors to capitalize on this growing market.
- Organic and plant-based food provide continued growth opportunity.

- Snack food promises market growth as iGens typically tend to snack more than other generations.
- Non-alcoholic or low-alcohol beverages present market potential.
- International flavours and sauces such as sriracha, Cholula, gochujang (Korea), sambal (Southeast Asia) and harissa (North Africa) offer market opportunity.
- Technology is key in attracting the iGen. Demonstrating a strong digital presence and providing the ability for online shopping is an integral channel to market products to the iGeneration.
- Food product labelling with in-depth descriptions of ingredients and sources helps in the purchasing decision making process for iGens.

<sup>26</sup> Mintel, Marketing to the iGeneration, US – May 2018

<sup>27</sup> <https://www.smartbrief.com/original/2018/09/enter-gen-z-new-disruptors-food-culture>