

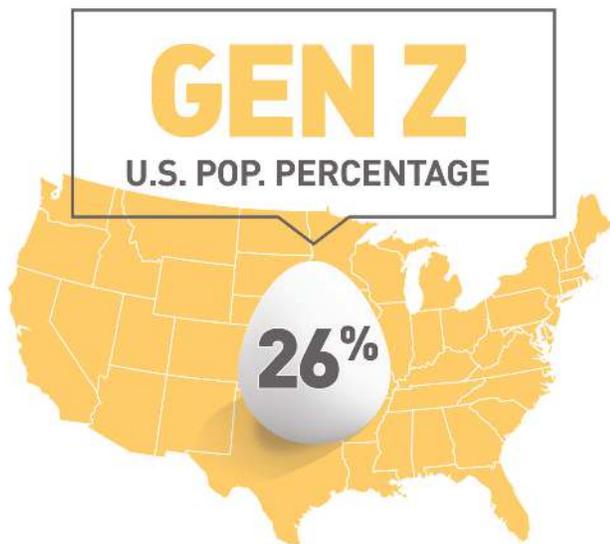


A NEW GENERATION TO FEED

Zeroing in on Gen Z's Preferences

Recent and ongoing events related to the COVID-19 health pandemic proves the adage coined by the ancient Greek philosopher, Heraclitus — “The only constant in life is change.” Presently, the food industry is striving to meet current challenges, while scrutinizing any and all data points to try to forecast the future. One certainty is that emerging demographic groups will impact food’s future, making it a worthwhile endeavor to pin down the preferences and food philosophies of the most influential groups, Gen Z and millennials.

Bloomberg describes Gen Z as the group of young adults, teens and children roughly between the ages of 7 and 22 in 2019, which means the oldest are finishing undergraduate studies at college and getting ready to launch into society. The youngest are still living at home with their parents. Overall, Gen Z easily comprises more than 25% of the current U.S. population. Despite their youth and the recent turbulence that upended their lives, Gen Z is described as practical, realistic and focused on the future, characteristics that make this group well suited to cope with changing circumstances.¹



Adapting to Circumstances

Among other changes, Gen Z witnessed schooling abruptly shift from in-person to online. High school seniors are formulating new plans for the future that involve either delaying college or staying closer to home in an attempt to further their education while trimming their spending.² This belt-tightening is necessary as up to 43% of Gen Z has seen their income decline in the last few months, alongside family members who experienced the same.³

Even as Gen Z trims their spending, however, this group exhibits measurable patterns for eating, food preparation and social sharing, identified by market research and surveys. The ways in which a fourth of the country decides to spend its available cash and what it chooses to eat will play a considerable role in the thinking and planning of restaurateurs, product formulators and marketers for years to come.

Delivery Aids New Brand Discovery

Already digital natives, Gen Z embraced e-commerce, increasing online spending activity during state-ordered shelter-in-place rulings. A full 34% plan to keep up the increased pace of online spending post-quarantine. Naturally, part of this spending included online grocery purchases and restaurant orders for takeout or delivery. In fact, members of Gen Z (52%) were less likely to shop in person at a grocery store during the pandemic than older consumers like Boomers (84%).⁴

Shelter-in-place orders altered the shopping experience for all generational demographic groups. More than one site mentioned the fact that new brands and small startups might actually gain some traction due to recent events. For a time, consumer stockpiling caused major national brands to be in short supply on store shelves. Delivery services either made substitutions or shoppers themselves decided to try new brands.

Overall among consumers of any age, 54% reported purchasing a new brand because their favorite was out of stock. This substitutionary buying applied to 26% of young people, who found new brands that they said they would consider purchasing post-pandemic.⁵

Foodservice Pain and Recovery

Undeniably, foodservice establishments shut down during shelter-in-place rulings, suffered during the pandemic.



The cohorts most anxious to resume in-house restaurant dining include Gen Z and millennials. A TruePublic poll showed 55% planned to return to restaurants “as soon as isolation ends.”



In fact, eating out was the only activity the majority of younger members were willing to resume immediately, saying they would postpone attendance at concerts or sporting events.⁶

Datassential reports that consumers connect eating out at a restaurant with better times and that it helps them “feel normal again.” When questioned about the pandemic’s effect on viewpoints or behaviors, Gen Z reported they see themselves going out to socialize with people or friends more as a result of the coronavirus (23%) compared to 14% of consumers overall.⁷

One of the biggest battlegrounds in foodservice might be for share of breakfast dollars. A McDonald’s spokesperson said the firm is going to be “aggressive” in recapturing its market share of the drive-through or takeout breakfast business, which traditionally accounted for 25% of the company’s sales. Consumers who formerly would grab a breakfast bite in the drive-thru on the way to work were suddenly not on the road anymore, working from home. This pattern might continue as businesses reconsider office space.⁸

Frozen Food A Hot Commodity

Where has the spending shifted? Spending might have shifted, in part, to the frozen food aisle. That section of the grocery store was already experiencing a resurgence prior to the pandemic, however, according to the American Frozen Food Institute, consumers of all demographic types are purchasing more frozen foods in recent months.⁹

Eighty-one percent of families with children under age 18 living at home bought more frozen food versus 61% of households without young children. While pizza was a top seller, IRI data showed elevated sales for frozen breakfast foods, entrees, meal ingredients and snacks. Half of all consumers anticipate continuing to purchase frozen foods at a brisker pace post-pandemic. Gen Z consumers, not previously huge fans of frozen foods, increased purchases substantially with a viable chance they will turn into loyal customers of the brands they tried.¹⁰

Comfort Foods

Despite their adaptability, Gen Z faces the same extraordinary concerns as the rest of the population. The president of Menu Matters, Maeve Webster, wrote that these societal concerns will bring comfort foods to the forefront for at least a time, in addition to generating “mounting interest” in functional foods and beverages.¹¹

While the definition of what constitutes a “comfort food” for the Gen Z cohort remains unclear at this point (although ramen and sushi are certainly in the mix) whatever it is needs to fit this group’s desire for foods that are authentic and ethically and sustainably sourced. One clue for comfort foods was reported by Datassential, which says pizza topped the list of foods all consumers ordered from restaurants during the shutdown.¹²

A recent study related to bakery and snack products showed indulgent bakery sales going strong with 79% of consumers purchasing more comfort food during the pandemic than in previous months, with the “in” flavors at the moment going nostalgic. Consumers seem to prefer decadent, yet better-for-you snacks with a nutritional benefit.¹³

Despite the sudden surge in home baking and cooking, with “anxiety baking” causing an unprecedented 647% leap in yeast sales, consumers appreciate convenience when it comes to meal preparation. Major brands report their more convenient products experiencing brisk sales.¹⁴

Convenient & Fresh

Convenience ranks high, with up to 40% of Gen Z rating it as an important characteristic in the food they purchase,¹⁵ and the foods they prepare. The American Egg Board commissioned a proprietary Y-Pulse study, surveying more than 1,000 respondents within Gen Z or their parents (in the case of the youngest cohorts) and

discovered a tie between the microwave and the stove for most-used appliances as a convenient method of preparing meals and snacks.¹⁵ It’s easy to see why. Millennials as young parents are strapped for time, and Gen Z is either busy with their studies or just launching their careers.

While both Gen Z and millennials have a set of likes, their dislikes are equally as important, or what one publication called their “non-negotiables.” Coinciding with demands for traceable sourcing, they eschew foods with artificial ingredients and seek out products that present themselves as more natural or even organic. They prefer to avoid additives and keep preservatives to a minimum. This couples with their desire for authenticity and socially-responsible manufacturing.¹⁵

Above all, Gen Z expects their food to have “fresh components.”¹⁶ And they are more likely to embrace flexitarian dining, with vegetables as the star of the show coupled with a complementary protein, such as the egg.



Buzzwords that resonate with Gen Z include “fresh,” “organic” and “sustainable.”



This proclivity of Gen Z to prefer fresh is confirmed by that same Y-Pulse study. More than half of all respondents, a strong 56% and 55%, respectively, said they favor food that is healthy and fresh. Equal to that, 55% said it must be flavorful.

Taste & Tag

In terms of taste, the ethnic diversity within Gen Z impacts their preferences. Gen Z is the most ethnically diverse generation in the U.S. with almost half (48%) listed as non-Caucasian. Despite the current shift in the population overall to comfort food flavors, Gen Z also likes to experiment with more ethnic flavors.¹⁷ Parents report the younger Gen Z (children under 18) enjoy Indian, Middle Eastern and African cuisines.

In addition to experimental flavors, this group shares their food experiences; searching out that which is personable and photogenic. Gen Z accounts for 75% of all Instagram (IG) users. Millennials aren't far behind; more than half of all millennials are active on IG. One study showed that 69% of millennials take a photo or video of their food before eating. In addition to food sharing, Gen Z and millennials rely on Instagram to help them decide where or what to eat next.¹⁸



Psychologically and emotionally, it is the *act* of posting food on Instagram or photographing the food that makes it more appealing, so this phenomenon of social sharing or tagging on Instagram can be applied to

any food, i.e., healthier meals, bowls or snacks, not just indulgent desserts.

Not to be overlooked, the very youngest subset of consumers or Generation Alpha comes into a world filled with electronic devices. Millennials give birth to more than 2.5 million Alphas every week, meaning this group someday will surpass the size of Gen Z, and they will have access to more technology and education than any previous group. Both Gen Z and Alphas are handheld-tech natives, pushing marketers to battle for “screen real estate” to promote brands, ideas and products in order to influence purchase decisions.¹⁹



While considering social media platforms, don't forget TikTok. Gen Z turned to this platform during the pandemic, not just for entertainment, but also for food inspiration.



Forbes reported that “more than 40% of TikTok users are ages 16-24,” and 90% of those users visit the app more than once a day.²⁰

Experiential Dining

The younger the consumer, the more they embrace experiential dining or a truly unique experience whether dining out or ordering in. Datassential research shows that drive-thru, delivery and pickup leaped in popularity recently with experts anticipating this off-premise dining trend diminishing only slightly once the nation returns to normal operations.¹²

Gen Z was already known for their preference to stay in with a Netflix show and order takeout.²¹ The majority (78%) of Gen Z spends discretionary income on food; even those that are in college.²²



Brands: Follow Me!

This group also has been brought up with certain expectations regarding food, raised in cultures that entertain with and celebrate food; deemed “unintentional foodies.” This mindset has given them the expectation that food and brands will respond to their needs with them leading, rather than the other way around.²³

Life stage is highly relevant to food purchasing behavior, crossing generational groupings. Millennials who are young parents are more likely to prepare meals and eat at home.

They’re still looking for convenience and the feeling of participating in meal preparation, but meal kits and frozen foods help them fix meals faster. The older cohort of Gen Z, now young adults, exhibit the same life stage behaviors that millennials and other generations did at that age. While they invest a good deal of their disposable income eating out, this is predicted to change as they enter a new life stage as parents. The investment in dinner preparation and the time it takes to cook it is forecast to grow over the next five years, according to NPD.²⁴

Flexitarian

There are some key categories that have cropped up for these younger cohorts that will impact food and beverage formulating for some time to come. The first category of increasing interest in the marketplace is plant-based anything.²⁵ Gen Z and Millennials are more likely to enjoy plant-based dishes and enthusiastically embrace flexitarianism.

The pandemic as some analysts said, was a double-edged sword for plant-based foods. Plant-based foods often cost more than the standard counterparts, yet in the short term, meat prices are expected to rise.²⁶ This could help promote the flexitarian approach.

Flexitarians seek greater emphasis on plant-based products and advocate for going meatless more often.



In fact, 79% of Gen Z states they wish to go meatless more often.²⁷



This doesn’t mean they are abandoning certain nutrients in this quest to eat more sustainably and responsibly. An FMI study²⁸

revealed that top mentions for dietary concerns when consumers check food product labels are 1) low carb and 2) high protein.

While the discussion about plant-based dietary patterns often focuses on an “either/or” mentality, pairing the greens with an acceptable protein makes the most sense nutritionally and suits the flexitarian mindset. With 94% U.S. household penetration, the egg is an acceptable protein source that also happens to supply a full complement of the nine essential amino acids the human body is unable to produce. Additionally, research shows that eggs eaten with salads increase the bioavailability of certain nutrients in the vegetables.²⁹

Snacking

Another aspect of dining that hasn’t changed is the penchant for snacking. In fact, consumers turn to snack foods for comfort during troubling times.³⁰ The younger generation, in particular, eschews the culture of three sit-down meals a day to instead experience eating occasions at several points during the day.



Frequent snackers, according to IFIC, are more susceptible to cravings, habit and convenience. Those who snack more than once per day (one in every four consumers) say they do so out of a craving for something sweet or salty; they might do it out of habit or because snacks are available or convenient.²⁵

This doesn’t mean they wouldn’t welcome snacks or other food categories to serve up healthy options.



Almost half (41%) of Gen Z says they would pay more for foods they perceive as healthier, compared to 32% of millennials, according to a Tufts Nutrition Report.³¹



Power of Presentation

Marketers often look to package design and colors to capture their limited share of consumer attention.³² Package symbols, seals and callouts help streamline choices for busy consumers and reinforce positive brand perceptions. Beyond simply a look at Gen Z, overall 7 in 10 Americans want to know and understand the ingredient list on products, while 20% are most influenced by 'REAL' ingredients when purchasing foods and beverages.²⁵ Eggs are a well-understood and welcome ingredient on food labels.



The American Egg Board recently introduced its Made with Real Eggs® certification seal. It requires the use of REAL eggs with no imitations or egg substitutes in the product. In addition, the eggs must be domestically sourced and processed to fall within U.S. government food safety protocols.

Research shows the Made with Real Eggs® certification seal improves overall perception of quality in retail stores and foodservice segments. In addition to conferring quality, the Made with Real Eggs® seal exhibits customer care, promises a good-tasting product and makes consumers more likely to purchase the item again.¹⁵

These benefits are not channel exclusive. In foodservice channels, eggs are typically purchased at restaurants, but those who buy eggs from non-restaurant channels do so frequently, with non-restaurant channels including coffee shops, c-stores and cafeterias.



Ninety-two percent of Gen Z shoppers purchase eggs and egg-based products from retail locations.



The Made with Real Eggs® seal can be displayed on menus, food wrappers, product displays or near the cash register to catch the interest of the Gen Z consumer.

Although temporarily dampened due to social distancing, Gen Z thrives on spontaneity. The generation also has exhibited resilience in the face of new challenges. These behavioral benchmarks mean marketers must employ nimble, innovative methods of capturing their attention in order to achieve positive results. Whether comfort food or enticingly exotic, make your offerings portable, convenient, tasty and REAL, and your product might be the latest sensation shared on social media by an enthusiastic crowd of Gen Z shoppers and influencers.

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About the American Egg Board (AEB)

The American Egg Board (AEB) is the research, education and promotion arm of the U.S. egg industry. Its mission is to increase demand for eggs and egg products through research and education. The AEB supports American egg farmers by promoting the consistent high-quality and functionality of U.S. eggs and egg products. Visit AEB.org for more information.

ADDRESS

American Egg Board
8755 W. Higgins Road, Suite 300
Chicago, IL 60631



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CONTACT

Phone: 847-296-7043
www.aeb.org
aeb@aeb.org

