Gen Z

The Next Zeneration of Influencers for Brands and Retailers

Robert I. Tomei

January 27, 2018
Gen X
Baby Boomers
Millennials
Welcome, Gen Z.
They’re not Zennials (Mini Millennials),
they are an entirely new Zeneration.
And they will change everything.
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They’re not Zennials (Mini Millennials), they are an entirely new Zeneration. And they will change everything.
Why do we care?
59% have no family spending rules

$44B annual purchasing power

$16.90 average weekly allowance

Source: SPARKS & HONEY SLIDESSHARE REPORT | June, 2014; Original source: Mintel
Nearly 50% of 18-21 year olds are participating in their household’s grocery shopping.
Gen Z Widely Influences Household Grocery Product and Brand Decisions

Source: IRI Generational Thought Leadership Survey; December, 2017
Gen Z Widely Influences Household Grocery Product and Brand Decisions

Influence of Gen Z on Grocery Decisions

<table>
<thead>
<tr>
<th>Age Group</th>
<th>A Lot</th>
<th>Some</th>
<th>A Little</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young Gen Z (14-17)</td>
<td>10%</td>
<td>33%</td>
<td>48%</td>
<td>8%</td>
</tr>
<tr>
<td>Older Gen Z (18-21)</td>
<td>5%</td>
<td>23%</td>
<td>59%</td>
<td>12%</td>
</tr>
<tr>
<td>Older Millennials (31-40)</td>
<td>7%</td>
<td>22%</td>
<td>44%</td>
<td>26%</td>
</tr>
<tr>
<td>Gen X (41-52)</td>
<td>2%</td>
<td>31%</td>
<td>51%</td>
<td>16%</td>
</tr>
<tr>
<td>Younger Baby Boomers (53-62)</td>
<td>2%</td>
<td>30%</td>
<td>51%</td>
<td>16%</td>
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</tbody>
</table>
Many Gen Zs Learn Early About the Value of Being a Savvy Shopper
Gen Z is an ‘instant’ generation that’s being taught the value of waiting
66% buy products based on price

Source: IRI Quantitative Generational Study; December, 2017
“I think I’m going to be like my dad. He doesn’t get things he wants – he gets things he needs. He saves for back up money instead of wasting money on things he might want but doesn’t need.”
The **Greatest Predictor** of the Behaviors Older Generations Will Adopt is **What Younger Generations are Doing Today**
As the first minority-majority generation in history, Gen Z doesn’t see diversity –
As the first minority-majority generation in history, Gen Z doesn’t see diversity – *until it’s missing*.
Gen Z is Predisposed to Want VARIETY
Brands will be challenged by Gen Z’s “No Limits” orientation and willingness to experiment.

Source: IRI Qualitative Study Among Gen Z; July, 2017
Greater Product Variety is Prominent in Gen Z Households

- **NATURAL CHEESE**: 16
- **COLD CEREAL**: 12.4
- **NON-CHOC CANDY**: 10.6
- **CSDs**: 10.2

# Unique UPCs Purchased

- **Gen Z Households**: 12.4
- **Non-Gen Z Households**: 7.6
- **Households**: 7.5

**Total US - All Outlets / Time Period : 52 Weeks Ending October 1, 2017**
Doritos ‘gets it right’

168
Active
SKUs

<table>
<thead>
<tr>
<th></th>
<th>Gen Z HHs</th>
<th>Non-Gen Z HHs</th>
</tr>
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<tbody>
<tr>
<td>Salty Snacks # Unique UPCs Purchased</td>
<td>21.4</td>
<td>14.5</td>
</tr>
</tbody>
</table>

Source: IRI Qualitative Study Among Gen Z; July, 2017 / Total US - All Outlets / Time Period : 52 Weeks Ending October 1, 2017
“I’d take store brand chips to school, but I would want my mom to put them in a plastic bag instead of their regular bag.”

~ Fredrick, age 10
Brands will have a harder time establishing themselves as a symbol of belonging among Gen Z.

**“Brand Names are a Status Symbol”**

- **YOUNG GEN Z: AGES 14-17**: 33%
- **OLDER GEN Z: AGES 18-21**: 29%
- **YOUNG MILLENNIAL: AGES 22-30**: 26%
- **OLDER MILLENNIAL: AGES 31-40**: 23%
- **GEN X: AGES 41-52**: 22%
- **YOUNGER BABY BOOMER: AGES 53-62**: 24%
- **OLDER BABY BOOMER: 63-71**: 23%
- **SILENT/GREATEST GENERATION: AGES 72+**: 19%

**TOTAL = 25%**
Brands also help Gen Z **simplify the buying process**

<table>
<thead>
<tr>
<th>Demographic</th>
<th>I buy products largely based on brand name</th>
</tr>
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<tbody>
<tr>
<td>YOUNG GEN Z: AGES 14-17</td>
<td>52%</td>
</tr>
<tr>
<td>OLDER GEN Z: AGES 18-21</td>
<td>43%</td>
</tr>
<tr>
<td>YOUNG MILLENNIAL: AGES 22-30</td>
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</tr>
<tr>
<td>SILENT/GREATEST GENERATION: AGES 72+</td>
<td>33%</td>
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**TOTAL = 40%**

Source: IRI Quantitative Generational Study; December, 2017
79% has the brands I want
70% low pricing
66% enjoyable shopping experience
56% large product selection
55% easy to find what you’re looking for
55% great rewards / loyalty programs
Despite their digital savviness, Gen Z is as likely to prefer shopping in brick & mortar stores as they are online.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Prefer Shopping Online</th>
<th>Prefer Shopping in B&amp;M Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young Gen Z: Ages 14-17</td>
<td>42%</td>
<td>58%</td>
</tr>
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<td>Older Gen Z: Ages 18-21</td>
<td>51%</td>
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</tr>
<tr>
<td>Older Baby Boomers: Ages 63-71</td>
<td>24%</td>
<td>76%</td>
</tr>
<tr>
<td>Silent/Greatest Gen: Ages 72+</td>
<td>22%</td>
<td>78%</td>
</tr>
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Source: IRI Quantitative Generational Study; December, 2017
Three Primary Forces Shape How Gen Z Sees and Will Ultimately Influence the World

Their Awareness of the Dangers of the World Around Them
Gen Z will lead like no generation before them.
Gen Z’s openness and exposure to different people, cultures and experiences – and their ‘no limits’ orientation will significantly impact their expectations of products and retailers.
Brands are important to Gen Z – but they must earn their way into Gen Z’s hearts and shopping baskets. Gen Z is a savvy generation that demands performance, authenticity, and value.
Gen Z’s tech savviness, plus their curiosity and love of exploration, makes a fluid omni-channel experience critical. They are not a generation of either/or. They are a generation of AND.