

Millennial Movers and Shakers:

How Young Consumers are Changing the Way We Eat

Every generation tends to make its mark on culture and society. But the millennials – so named because they were the first generation to come of age in this new millennium – will be the largest group in U.S. history, which is likely to inspire change on a whole new level. From their use of technology, to their attitudes about food, millennials seem bent on doing things their own way.

Defined as individuals born between 1981 and 1996,¹ there are currently 73 million millennials in the U.S. – a population that is overtaking the massive baby boomer generation, according to data from Pew Research Center.² Millennials are attending college, and some (albeit fewer than previous generations) are getting married and starting families.

Millennials now make up nearly half of the U.S. workforce,³ and their aggregate annual income is expected to exceed

\$4 trillion by 2030.⁴

The choices millennials make are important, and they are having a profound impact on the types of products now seen on supermarket shelves. With respect to food products, here are a few trends where millennials are becoming a force for change:

The shape of healthy eating

Millennials have different ideas than their baby boomer parents about healthy diets. Rather than thinking of a healthy diet as high in fiber or low in fat, they cite a healthy diet as one that includes foods that are certified organic, naturally produced, plus sourced locally and sustainably.⁵ As millennials come of age, they have shown that they are more aligned with the food movement, desiring locally grown and organic foods, willing to pay for fresh, healthy food, and going to greater lengths to get it, according to “Trouble in Aisle 5,” a study on changing shopping habits.⁶ That alignment is one reason why

grocers and restaurants now often note where their produce or meat is sourced.⁷

Making up 52% of organic consumers, millennials are also the largest group of organic buyers, according to a report from the Organic Trade Association.⁸ Moreover, according to the International Food Information Council Foundation’s 2017 Food and Health Survey, these millennial consumers say that products labeled as “natural,” and especially organic, have more impact on their choice of products and restaurants than baby boomers claim.⁹

Millennials are paying more attention to the healthfulness of their foods than other generations. These young consumers are also more willing than older shoppers to pay a premium for products with healthful attributes.¹⁰ The qualities that tend to have significant favor with young consumers are products that are non-GMO,* have no artificial colors or flavors, and are all-natural.¹¹

As they start their families, millennials are also demanding these same attributes in baby foods. Parenthood has long been a gateway event driving purchases, particularly of organic products, but millennial attitudes are now also increasing diversity in the baby food aisle, including organic, locally produced or fresh gourmet products featuring a variety of vegetables and whole grains in convenient, on-the-go packaging. Stores are meeting this demand with the momentum of start-up brands like Once Upon a Farm, as well as responding to a growing number of baby food delivery companies that offer local and organic options.¹² Organic baby foods made up 15% of the baby food aisle in 2015,¹³ and shelf space is likely to see continued expansion as the category is expected to deliver annual growth of just more than 10%.¹⁴



Convenience is not optional

Given life's increasingly rapid pace, fewer people sit down for three square meals a day... and this is particularly true of millennial consumers.²⁰ So, not surprisingly, easy-to-prepare-and-eat convenience foods and snacks are on the rise. About 35% of millennials are substituting snacks for meals and expect them to be healthful, flavorful, and portable, according to data from Packaged Facts.²¹ Millennials are also snacking on a regular basis, eating as many as six snacks while on the go weekly.²² These snack foods might include fruits, nuts, yogurts, and frozen foods such as pizza bites, potato skins and chicken nuggets. This trend provides an almost limitless opportunity for expansion in the snacking arena, with combo products featuring both protein and vegetables, as well as portable soups, drinkable yogurts and new takes on meat snacks.

Millennials also tend to want their food their way, expecting it to be fresh, creative and made just for them. This trend is already gaining steam in the fast-casual restaurant scene and goes far beyond the choice of sandwich bread to encompass a personalization of the entire meal.²³ Customized meal kits can't be too far behind.

When it comes to cooking at home, in addition to wanting healthy, natural and locally sourced products, convenience in general is another priority for these younger consumers. According to the IFIC 2017 survey, 55% of millennials say convenience is a top driver of the foods they purchase, while baby boomers are more likely to say that taste and brand matter more.²⁴

When it comes to grocery shopping, millennials also behave differently. For example, they tend to be more focused on price over brand loyalty.²⁵ They have a propensity to share shopping duties between the sexes, and they are less likely to rely on a single primary store for their food shopping.^{26, 27} The "Trouble in Aisle 5" study also found that millennials are more willing to purchase their groceries at a variety of retail outlets, ranging from traditional grocery chains to independent grocers and even convenience stores.

Millennials are also driving the growing demand for added protein in products. They are more likely than average to be on a high-protein diet, and close to one-third say that more protein in the diet is always better.¹⁵ They are also key candidates for the high-fat, high-protein ketogenic diet, with 47% of millennials saying animal protein is healthy, compared to only about 26% of older consumers.¹⁶

This generational gap is most pronounced when it comes to functional foods that are touted to reduce the risk of disease, promote overall good health, and are produced in a socially and environmentally responsible way, according to research from Nielsen. For example, the data says that 32% of millennials are willing to pay a premium for sustainably sourced ingredients, as compared to 21% of baby boomers, and 16% of those in the next-older silent generation.¹⁷

Millennials also tend to have strong feelings about the treatment of animals in food production. A 2018 study noted that younger generations (including both millennials and their younger siblings in Generation Z) not only pay more attention to labels indicating how farm animals are raised, but also are more willing to pay more for products and brands that share this information.¹⁸ The researchers suggested that this factor was not especially dependent on income, noting there were "no significant statistical interactions between age and income, indicating that the relationship between income and willingness to pay did not differ meaningfully between generations."¹⁹

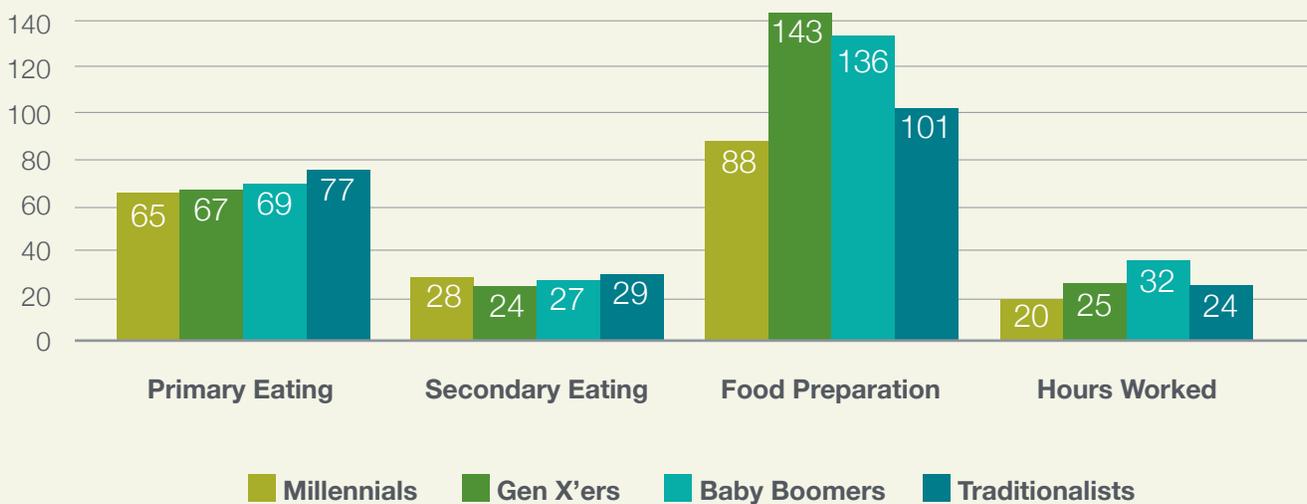
These preferences also translate to the amount of time millennials spend on food preparation at home. While millennials like to eat out, as a general rule they earn less... so they are often looking for both convenience and value. According to a recent study, “Food Purchase Decisions of Millennial Households Compared to Other Generations,” they are more likely than other demographic groups to have purchased prepared meals, even if they are eating at home.²⁸ Cooking is not very high on their agenda either. The research noted that even though millennials typically work fewer hours, they also spend the least time of any generational group on food preparation.

The planet is a priority

It may be in part a sign of the times, but millennials are more likely than their parents to be interested in the ideals of sustainability.²⁹ According to research from The Shelton Group, 72% of those aged 18-36 agree that global warming (or climate change) is occurring, compared to 60% of baby boomers aged 54 to 71.³⁰ And more than

half of millennials are now making purchase decisions with the understanding that the products they buy impact the health and sustainability of the world, the environment, and its people.³¹ Moreover, millennials tend to be less confident about the safety of the food supply (35% of millennials are not confident in the food supply, versus 24% of baby boomers.³² So these attitudes are certainly driving the move toward more sustainably sourced foods and greater transparency about food from manufacturers, as well as the growing interest in plant-based products. These trends are converging, as a growing body of evidence now suggests that plant-based foods have less impact on the environment than animal-based products, using fewer resources and producing fewer carbon emissions and waste byproducts, while also providing comparable protein value and added nutrients such as fiber, vitamins and minerals.^{33,34} Millennials are so interested in how companies produce their food that some even expect to be part of “product development” to ensure that companies are doing things right.³⁵

ALLOCATION OF TIME BY ACTIVITY



Source: U.S. Department of Agriculture Economic Research Service

A changing workplace

Not surprisingly, millennials are having an impact on the workplace – and vice versa. A 2016 study noted that a more healthful workplace overall, including its “physical attributes and perceived social norms, can have an impact on young consumers’ behaviors and their tendency toward obesity.”³⁶ The researchers noted that employer- and community-initiated policies represent a way to create a healthier workplace environment for young adults.

It is likely that such programs will become increasingly important in recruitment and retention of young workers. Beyond creating healthier work cultures and environments, millennials also view a company’s sustainability efforts as important to their attitudes toward the workplace.³⁷ The

2016 study noted that 90% of millennials identified sustainability as a crucial consideration when making a career move, and 82% say they look for opportunities to help their company become more sustainable.³⁸

Millennial concerns and attitudes are already impacting the way we eat, shop for food and behave in the workplace... and it’s not likely this evolution will stop there. The millennial generation is unique in its strong demand for authenticity and transparency, as well as being well-educated, curious, and digitally savvy. Millennials will continue to engage on environmental issues, avoidance of chemical and artificial ingredients, and aligning their purchases with both personal values and ethical beliefs. These behaviors will make their mark on the food industry and beyond for years to come.



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* There is no single definition of "non-GMO" in the USA. Contact Cargill for source and processing information.