How the Newest Generation May Buy Housewares

hfndigital.com/special-housewares-coverage/good-bye-millennials-hello-gen-z

March 16, 2020



By Joe Azzinaro

Slowly but surely, Generation Z is coming of age and attention is moving to what those born between the mid-1990's and the early 2000's want and like. The evidence so far could bring big smiles to kitchenware and cookware retailers—especially those with brick and mortar stores.

Generation Z, the demographic group after Millennials, are the most diverse, best-educated generation in the country's history. They comprise over 25 percent of the total U.S. population, making them more numerous than either the Baby Boomers or the Millennials.

They already have an estimated \$143 billion in annual spending power. Though the leading edge is still in their mid-20s, and their average age is about 15, there's already plenty of speculation on how they will eat and shop. And some of it represents good news for U.S. kitchenware and housewares marketers.

For one thing, they love to cook. Caitlin Mullen, in Bizwomen, claimed Gen Z is "changing the taste of the food industry. It's a generation that has eating autonomy, willingness to cook and major spending power that will prompt food industry innovation."

The Hartman Group discovered 70 percent of Gen Zers claim total control over their eating choices. "Today's teens have taken on their own food preparation. They routinely put together their own breakfasts, lunches and snacks." Hartman also found "more than half of them enjoy cooking, more than a quarter make their own food, and almost three-quarters want to build their cooking skills."

Added Laurie Demeritt, CEO of The Hartman Group: "Gen Zers do much of their own food preparation at home and often eat alone. They are not afraid of the kitchen. They are willing and able to look up recipes and techniques to get the job done. To help teens in the kitchen, many Gen Z households have optimized their kitchens and pantries for their food autonomy."

"A practical generation, Gen Z sees cooking as an accessible life skill available to anyone with an internet connection. Compared to cooking behaviors of the past, what's different for today's teens is the amount of information, entertainment and instruction available about food and cooking—much of it geared specifically to teens," she continued.

"With limited time to eat during the school day, teens often rely on snacks—the food they have most control over—to manage hunger, energy and nutrition. The after-school snack is a key cooking occasion for teens; it's one of the few times when hunger, freedom and time all come together. And, of course, a teenager's snack is often the size and has the components of an adult meal, underscoring how the lines between what constitutes a snack or meal are blurring."

"Autonomy over food choice means that many teens have a personal and independently chosen set of food and beverage options, sometimes things that no one else may touch. Older teens tend to prepare more of their own food. They often have whole sections of the pantry that belong just to them. These items have been specifically requested and occasionally even directly purchased by teens and are not meant for others in the home to consume."

"With so much independence in the kitchen, marketers should keep a watchful eye on Gen Z's early behaviors, as we believe they will inform their shopping, planning, prep, cooking and eating behaviors later in life. Marketers will need to be mindful of Gen-Z's eating habits and focus on how to further enhance Gen Z's exploration of food and cooking through food 'infotainment.' Food learning for Gen Z may be through entertainment, but favored sources also cater to Gen Z's specific search behaviors and food needs—including quick, entertaining, mobile-friendly, multiplatform, highly visual, video-based, with tools and recipes relevant to their life stage. Formats that favor text, don't get to the point, don't move easily across devices and platforms, or that aren't entertaining are not going to reach this generation."

She continued, "Gen Z have been feeding themselves, often by themselves, for many years by the time they graduate high school. Continuing longer-term trends, their eating habits deprioritize meals in favor of snacks. At the same time, they grew up watching food-asentertainment and have many sources of instruction and inspiration at their fingertips. This combination of independence and information has resulted in a generation that is curious, capable and confident in the kitchen, regardless of gender. Gen Z eating autonomy echoes the eating alone trend we've documented within overall food culture where food to go, portable foods and premium snacks all can be crafted together to form a meal for one."

Added Hartman: "Food rates as Gen Z's top obsession, ranking higher that either music or sports. Their spending mirrors this obsession. Today's teens spend more on food than any other category." The most common dishes they make? Eggs, pasta or rice, vegetables, cookies or brownies and pancakes, waffles or French toast. Cooking skills acquired during the teen years could be setting a good foundation for the future: A study last year determined teens with kitchen confidence were more likely to have healthier diets into adulthood, per CNN.



"While the shopping Gen Zers tends to be at vending machines or convenience stores where they're purchasing snacks, sweets and drinks, their parents tend to stock their refrigerators and pantries with prepped, easy-to-grab snacks, fruits, vegetables or frozen meals, so teens can serve themselves, said Hartman. Gen Z's also less inclined to sit down for three square meals and instead tends to have several eating experiences throughout the day, added Food Dive.

Brands are responding. Kashi, owned by Kellogg's, has enlisted a "Kashi Crew" of Gen Z influencers to provide input on snack creation for that generation, Food Dive reported. From that has come a line of soft baked snacks called Organic Super Food Bites, which attempts to meet Gen Z's (and their parents') desires for on-the-go sustenance that's healthy and a bit indulgent. Other brands trying to meet that demand include Barilla, which Food Dive reported has launched microwavable pasta pouches, and Quaker and Bob's Red Mill, which are among those that have introduced microwavable oatmeal cups.

Retailers are responding, too, with their private label. For example, Walmart offers a protein-rich "Keep It Green" fruit & vegetable smoothie pouch under its Great Value brand, while Kroger has introduced Simple Truth Organic Original Macaroni & Cheese Cups and Trader Joe's has its own fully cooked turkey meatballs in a resealable freezer bag.

Other marketers point out that Gen Z is more price-conscious than previous generations, and that's prompted a rise in value meal offerings, per Forbes contributor Alicia Kelso. The money that chains like McDonald's and Dunkin' have dumped into delivery and restaurant remodels is likely to pay off with Gen Z, which enjoys the social aspect of dining out and ordered 552 million food service meals in 2018, noted Bizwoman's Mullen.

The combination of on-the-go meals and price-sensitivity may play well with purchases of kitchenware and cookware. Gen Zers are not afraid of new ways to prepare foods or of equipment that speeds the process. Private Label Manufacturers Association President Brian Sharoff pointed out that every generation adopted favorite tools for cooking. There were Veg-O-Matic and toaster oven crazes in the 1960s. Microwave ovens and electric crockpots emerged in the 70s and 80s, with food processors and salad spinners proliferating through the 90s and 2000s. Kitchen items and cookware having a moment today include air fryers, spiralizers and personal blenders. "It is natural Gen Z will gravitate towards its own variety of time-savers and efficiencies in cooking," said Sharoff.

They also have an international bent when it comes to food. "Gen Z is cultivating an appreciation for international cuisine from a young age, as 36 percent of parents of children under age 18 agree that their kids enjoy eating international foods," said Mintel. "Interest goes beyond commonplace varieties such as Italian, Mexican and Chinese as Gen Z consumers are driving consumption of emerging international food, such as Indian, Middle Eastern and African."

Adult Gen Z consumers are also much more likely than older generations to find culinary inspiration from social media: 62 percent of young adults aged 18-22 say they cook international cuisines at home from social media, compared to 46 percent of Millennials (aged 23-40) and 23 percent of Gen X consumers (aged 41-52) who cook at home.

"With exposure to international foods starting at an early age, whether in restaurants or at home, Generation Z is more likely to be open to the latest international food trend or innovative fusion creation. These adventurous habits are creating opportunities across categories, presenting potential for products such as tikka masala meal kits or Chinese Peking duck-flavored potato chips. While restaurants remain the most common points of discovery for international cuisine, younger consumers' exposure to a range of cuisine types creates opportunities for brands to offer more authentic and hybrid flavors," said Jenny Zegler of Mintel.

They also prefer to shop in brick and mortar stores as compared to online. A study by Synchrony found that "Gen Z's preference reflects the importance of shopping to them. This digital native group will spend time researching a product online, but they want to see, touch and try the item before making a purchase. The leading categories for in-store shopping are 90 percent of respondents for groceries, 66 percent for furniture and 63 percent for household items."

"But retailers must provide them with the seamless and enjoyable web-to-store shopping experience they expect. If they have products in their shopping cart while shopping online, they expect to have access to them when they are in the store. Gen Z will redefine the retail industry within the next decade. Although they are intrinsically digital in their everyday lives, they also have high expectations for their in-store shopping experiences. To succeed, brands must meet or exceed these expectations. Those who do will be the ones with a competitive advantage."

More evidence: A survey from the National Retail Federation found more than two-thirds of shoppers ages 13 to 21 preferred buying at stores. As well, according to an A.T. Kearney survey, Gen Z consumers overwhelmingly prefer to do their shopping in stores, largely for mental health reasons. Some 81 percent said they prefer to purchase in stores, and 73 percent said they like to discover new products in stores. Brick-and-mortar stores allow for a new type of "retail therapy," with 58 percent of the group saying browsing shelves and clothing racks allows them to disconnect from social media and the digital world.

"I think one of the things the survey shows us is that, despite being the first full generation of digital natives, Gen Z is looking at brick and mortar retailing as a way to disconnect from the stress of social media while at the same time getting emotionally closer to the online influencers and celebrities they follow," added A.T. Kearney. The survey, which sampled 1,500 consumers across four generations, also found that because Gen Z is particularly stressed out, the group tends to purchase products in the health and wellness categories more than other generations. Forty-six percent of Gen Z said they were concerned about their health and mental well-being, compared with 38 percent of Millennials. Nearly a

quarter, or about 23 percent, of Gen Z people surveyed said they were stressed or overwhelmed by the news, and 22 percent reported being stressed or overwhelmed by social media.

It's a generation of social media natives, who have long been familiar with the iPhone. The downside of that? It's a generation that tends to feel inundated with information via their phones and might be turned off by advertising that contributes to that, reported eMarketer. While Gen Z knows and loves the speed and simplicity of Amazon—a survey found 64 percent of 18- to 24-year-old women bought clothes on Amazon in a six-month period—they still love to shop in store, likely because it means time spent with friends. Snapchat, Instagram and YouTube are the favored social channels for Gen Z, where they can share instore experiences and keep up with influencers, per eMarketer.

And it's a generation that seeks authenticity: 77 percent told Inmar Research they respond to advertisements that show people in real-life situations. Nicknamed Philanthroteens, Gen Zers eschew corporations and labels, desire entrepreneurship and are conscious of diversity, the environment and social issues, said Bloomberg.

Clearly, Gen Z is not a mere extension of previous generations, but instead a distinct set of consumers with unique experiences, beliefs and behaviors. It's expected to fuel a massive change in how Americans eat and shop. Its predilections for cooking at home and shopping in brick and mortar stores spell sales opportunity for the country's kitchenware and housewares retailers.

Editor's note: Joe Azzinaro oversees consumer opinion surveys for the <u>Private Label</u> <u>Manufacturers Association</u> on a range of demographic and market related subjects in the United States and Europe. He is also a contributor to the association's industry news service PLMA Live! and StoreBrandsUSA YouTube channel.

HFN provides detailed information on the key home classifications: Housewares, Tabletop, Floor Covering & Rugs, Furniture, Home Textiles, Lighting, Home Decor, Mattresses & Bedding, Gifts, Major Appliances and Consumer Electronics as well as Business, Finance and Retail.