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Millennials continue to be in vanguard of industry trends

Generation shows preference for clean label, local products



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With Chicago-based Mintel reporting that millennials — those born between 1977 and 1994 — account for 24 percent of the U.S. population, it stands to reason that brand marketers would be eager to tap into the spending potential of the U.S.'s largest generational group.

“This generation is a key marketing target because they are aging into their prime earning and spending years and starting to reach milestones (getting married, buying homes and having children) that will have them reconsidering how they make purchases,” the market research firm states in its June 2017 report titled “Marketing to Millennials – US.”

For brand owners within the consumable consumer packaged goods (CPG) and foodservice industries, this impacts not only the food and beverage products being developed, but also how to communicate with this generation.

“At its core, social media started as a way to connect friends online,” Mintel’s report states. “However, in the hands of millennials, social platforms provide a variety of other functions.”

For example, 27 percent of millennials stated social media is good platform for brands to reach them. On an index to average measurement (noting that an index of 100 equals average), millennials index at 147 on this statement. These results were based on 712 Internet users aged 23-40, who were part of 2,000 user-pollled groups 18 and older that were surveyed online by Lightspeed/Mintel.

“Millennials are more likely than the average to use social media to connect with brands and improve their career or job prospects,” Mintel states. “Younger millennials (aged 23-30) are the segment driving these behaviors, reflecting a commonality with older members of the iGeneration.”

Millennials attitudes about brand engagement are prompting brand owners to explore new avenues when it comes to marketing tactics.

“Like all consumers, millennials don’t trust advertising, and they hate it,” says Tom Ajello, global chief creative officer, and Erich Joachimsthaler, chief executive officer and founder of New York-based Vivaldi. “We find that a unique combination of what we call the power of the six Cs works: connection, collaboration, crowd, conversation, commerce and communications. This model makes the consumer a participant in creating the value for them. They become an active part in the brand’s conversation.”

Ajello and Joachimsthaler expand upon this participation with more specific examples. “They look for content that is authentic and personal; short videos, user-generated better than marketer generated, telling a story better than messaging,” the two explain. “Targeting has to be highly personalized, they grew up with product reviews and social tools to share opinions before committing to purchase. Behavior is very tribal (crowd), like-minded consumers that are networked.”

Finding the right outlet in which to market to millennials could be vital to brand owners as Mintel reports that the generation still remains ahead of the curve when it comes to the latest trends.

“Even as they age, millennials are clearly still at the forefront of trends, with data showing they are more likely to agree that social media, tracking of personal data, remote working arrangements, and personalized advertisements have a positive impact on their lives,” the report states. “The data continues to support the recommendation that marketers trying to gain acceptance for new business models, new technologies and even new communication strategies may want to start with a millennial target.”

Although the market research firm notes that millennials could become regimented as they age, the generation still remains a solid testing ground when it comes to industry trends.

Healthy attitudes

Although digital technologies and services commonly are linked to millennials, many analysts also will highlight the impact this generation has had on the food and beverage industries and ultimately, retailers and foodservice providers.

Experts note that millennials want to be an active part of the social media conversation. Inspired by a consumer-driven social media initiative that gave fans the power to choose its next beverage flavor, Sparkling Ice released Black Cherry in 2015. (Image courtesy of Talking Rain Beverage Co.)

“Our 2016 report, ‘Foodways of the Younger Generations – Millennials & Gen Z,’ found that millennials can tell ‘good’ food from ‘bad’ food and as a group have been well-schooled in healthy eating habits,” says David Wright, senior marketing manager at The Hartman Group, Bellevue, Wash. “As a digital generation, they have an amazing amount of information at their fingertips. They continue to grow their knowledge through friends and a variety of media channels. Like older age groups, millennials who have ventured out on their own (living away from home) are focusing on foods that are minimally processed, organic, with simple and recognizable ingredients.”



This is similar to the coming-of-age years of Generation X and baby boomers. “Millennials tend to look like older cohorts (Gen X, boomers) when it comes to health and wellness,” he says. “Those who have ventured out to live on their own are more interested in developing healthy eating and exercise habits and tend to say they looking for healthy, less processed food.”

However, millennials who still live at home with their parents can be the exception to this as they will pursue convenience and indulgent treats, similar to iGeneration teens, Wright says. In general, millennials view their eating habits as healthier compared with previous generations.

However, family dynamic does impact meal choices for millennials.

“Millennials (as well as the older generations) believe they eat better than their parents,” he says. “They believe their choices are healthier, less processed and more natural. Millennials without children are the most interested in global cuisines. Millennials with children live scattered, busy, chaotic lives and are often just trying to get a decent meal on the table. Parents’ daily reality of family life and picky eaters makes it harder to be culinary explorers and also gets in the way of healthy eating.”

In a September 2017 Insights titled “Who’s Buying Clean Label Products?” from New York-based Nielsen, the market research firm details that sales of traditional products are on the decline, yet “clean” products remain on the rise. Sourcing 52-week data ending July 8, 2017, from Nielsen Product Insider, powered by Label Insight, Nielsen found that the share of clean label across total food and beverage is 33 percent, which is 1.2 percentage points higher than two years ago.

When it comes to pinpointing the shoppers who are fueling this growth, Nielsen points to two generations: millennials and Generation X.

“Interest in and purchase behavior vary by both income level and age group,” the Insights states. “Across generations, millennials and Generation X consumers are more likely to seek out and purchase products that are labeled organic, free of GMOs (genetically-modified organisms), and don’t include added hormones.”

Vivaldi’s Ajello and Joachimsthaler also highlight the natural ingredients and adventurous food trends of millennials, but note that food and beverage can be viewed as an extension of millennials’ personalities.

“[Millennials] use food as a form of self-expression and [a] form of creativity and sense of design,” they say. “Food is about connecting to their identity, not just nutrition.”

When it comes to beverages, Ajello and Joachimsthaler say that Jazz-age cocktails, bourbon and beer cocktails have gained a nationwide presence, in addition to prohibition-era drinks, including a resurgence of French 75s, whiskey sours, Manhattans and southsiders.

The generation also will look at a balance of eating right and exercising to support physical, mental, emotional and spiritual health, the duo adds.

Dining decisions

Although previous generations frequent dining establishments, the millennial generation has become well associated with their likelihood to dine out for meals.

Ajello and Joachimsthaler note that millennials show higher preferences of dining out compared with Generation X and baby boomers and also will spend a higher percentage of their discretionary income on this expense. This taps into millennials experience-seeking ways as they search for flavors, innovative restaurant concepts and global exposure, they add.

The Hartman Group's Wright also details the importance that ethnic diversity has on the generation when it comes to dining experiences.

"The ethnic diversity of the millennial demographic has created an adventurous palate," he says. "As a result, they are more likely to seek out ethnic food experiences than other cohorts. But along with Mexican, Indian, French, Thai or Middle Eastern cuisine there is an attraction to fast food and fast casual restaurants that meet their budget needs and accommodate their busy lives."

Because millennials will dine at various types of foodservice outlets, it also highlights the food diversity they embrace.

"This combination of palate and price translates to use of a unique mix of quick serve/fast casual choices, including popular chains (like Chipotle or Taco Bell), a favorite gyro shop close to a campus or a Thai place they frequent with friends," Wright says. "This food diversity is most dramatically illustrated by the shift in college on-campus food services. Examples of traditional dining hall fare are dwindling and being replaced by grab-and-go options, vegetarian dishes, ethnic cuisine, locally sourced food and, on some campuses, a grocery market option where students can buy fresh and fix it themselves.

"The fact is that millennials choose to dine out a lot," he continues. "They distribute their choices between full-service restaurants (54 percent) and quick-serve (71 percent) establishments while also choosing (more than any of the other cohorts) to incorporate takeout/delivery (43 percent) into their regular dining options."

You gotta shop around

Today's shopping trends highlight the growing influence of omnichannel shopping for consumer packaged goods. However, millennials are more likely than previous generations to embrace digital shopping solutions.



Products that support clean-label trends resonate well with millennials, analysts note. JUST Infused are made with Adirondack mountain spring water with the addition of organic fruit and spice essences, the company says. (Image courtesy of JUST Goods Inc.)

“Millennials are the first real digital generation, so, not surprisingly, they are leading the charge on everything online — shopping, coupons and product research,” The Hartman Group’s Wright says. “Still, over half claim to clip paper coupons as they strive to make ends meet.”

Yet, digital solutions for consumable purchases are not as popular as social, video, music or GPS-enabled apps and services. According to Mintel’s report, millennials index above the average for online services such as grocery delivery, mobile apps for coffee pick-up and meal kit delivery. However, none of these finished in the Top 5 of “must have” online services.

Although digital solutions for consumable purchases still has more room for growth when it comes to millennials, the generation still has broken from the norms in its grocery shopping habits.

“When grocery shopping, they don’t buy a lot of stock-up items,” The Hartman Group’s Wright says. “Compared to older generations, this group buys fewer items from key grocery categories and purchases more items that reflect their needs for quick and on-the-go solutions. What drives millennial loyalty to grocery stores is price and proximity, as is true of older generations.

“Convenience is a key driver, as they are running as fast as they can, whether it’s to and from their children’s soccer practice or from their jobs/classes to their after-work/school activities,” he continues. “In keeping with their expectations for transparency around who made it, how it’s made and what’s in it, millennials like a good brand story more than other cohorts. However, they are cash-strapped, so price will often trump a good narrative and social cause. As-good-as store brands have wide appeal to many.”

Wright notes that millennials also have a strong connection to local brands, prompting them to be supporters of shopping local trends.

“As a cohort, it’s important to them that they are supporting their local community and local workers through their choice of products,” he says. “This generation is not as focused on packaging information as older cohorts. Boomers are scrutinizing labels much more closely than millennials. For the most part, millennials aren’t that interested in reading the labels even though they talk about watching sugar and salt intake.”

In addition to packaging information, or the lack of reading it, millennials’ shopping behaviors also has varied slightly in regards to impulse purchases. In a May 2017 Insights titled “The Alcoholic Beverage Opportunity: Understanding Boomer and Millennial Shopping Behavior,” Nielsen examined category shopping fundamentals across generations. The results suggest that the generation is less impulsive when making alcohol purchases than older generations.

“Given the growing spending influence that millennials have, a recent category shopping fundamentals study delved into how impulsive their shopping behaviors are when it comes to alcoholic beverages,” the Insights states. “And possibly surprising to some, the study found that millennials are not the most impulsive shopper group when it comes to alcoholic beverage purchases.

“In fact, according to an October [2016] Nielsen survey, 18 percent of baby boomers who bought adult libations in the past 30 days had made an impulse purchase, compared to only 11 percent of millennials,” it continues. “At the same time, 16 percent of millennials said that it wasn’t until they were in the store that they ‘recalled’ the need to make a purchase. Comparatively, the majority of millennials and boomers say they plan their alcoholic beverage purchases before they shop.”

Another distinction between the two generations is the tie to brands when making alcohol purchases, which can benefit brand owners looking to capitalize on this variance. “More than half the time (52 percent), boomers make a shopping trip knowing which brand they plan to purchase, compared with less than a quarter (24 percent) of millennials. As millennials have fewer planned brands in minds when heading to the store, it leaves ample opportunity for

retailers and suppliers to influence their in-store purchases.”

However, not all alcohol segments are left to chance when purchasing brands. Nielsen found that millennials are more likely to plan Champagne purchases when compared with table wines or other alcohol purchases. “In fact, when it comes to brand-specific shopping, 27 percent of millennials know what Champagne brand they will be purchasing versus only 21 percent of wine,” it states. **BI**

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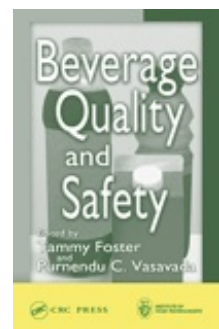
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