

# 14.6 BILLION REASONS TO UNDERSTAND GEN Z

ATTRACTING THE NEXT GENERATION OF DINERS



# GEN Z MADE 14.6 BILLION RESTAURANT VISITS IN 2018 AND ALREADY REPRESENTS 25% OF FOODSERVICE TRAFFIC.

ARE YOU READY FOR THIS NEW WAVE OF CONSUMERS?

## Gen Z has arrived.

Also called iGen, Homelanders, post-Millennials, and Centennials, this group is flexing their spending muscles and urging marketers to start thinking beyond the Millennial. While the youngest of the cohort is just a toddler, the top of the range will be graduating from college soon and are already proving to be different.

Eating out often, naturally leaning into the digital space, and spending money on experiences, Gen Z is gearing up to challenge how we market to them, just as Millennials did once before.

## Here's the breakdown of Gen Z



Born between 1998  
and 2016



32% of  
population



Most ethnically  
diverse generation



\$44 billion in  
spending power



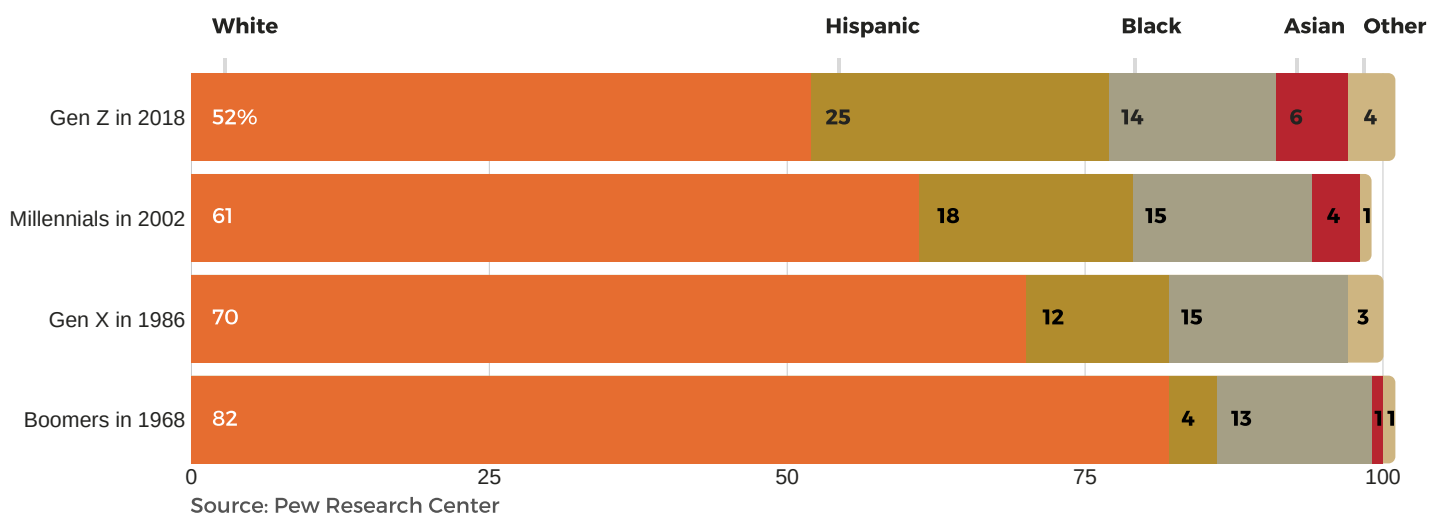
Born into a  
digital world

# YOUNG, DIVERSE, SAVVY AND HEADED TOWARD ADULTHOOD.

Millennials grabbed the headlines, dominated conversations, and cozied into many marketing plans when they hit restaurant doors. Their size, their preferences, and their opinions fundamentally changed the way we thought about the effect of culture on foods and flavors. Now we are turning our attention to the next group, most being the children of Gen Xers and Millennials, with the same fervor and curiosity as we make plans to reach and gain their loyalty. Already the most racially and ethnically diverse generation of all before them, Gen Z is poised to push flavors further as they try new foods, seek share-worthy food experiences, and look for lesser-known, specialty ingredients.

## 1 in 4 Gen Z Consumers are Hispanic

% of 6- to 21-year-olds who are...



The majority of Gen Z are still very much in their formative years. However, this is a generation that is already demonstrating unique attributes.

“ Although we’re just getting a peek at what Gen Zs will bring to our culture, economy, and society, this generation will be a seismic force as they emerge into adulthood under more prosperous economic circumstances, yet with their own differentiating set of values. ”

**David Portalatin**  
NPD Food Industry Advisor



# LIVING ON LIMITED INCOME, BUT WILLING TO SPEND ON AFFORDABLE LUXURIES.

While most of Gen Z is living with their parents and 66% are still unemployed, there is a small group that has started to work and earn income. Nearly 60% of 18- to 21-year-olds and 19% of 15- to 17-year-olds are employed, according to Pew Research Center, and research indicates that this generation is on track to be the most educated of earlier generations, which may bring even more spending power than we saw with Millennials.

## Gen Z's Buying Habits are Starting to Form

Average weekly food budget of \$125 | Average meal away-from-home of \$12.54



Eats breakfast  
away-from-home



Dines out for  
special occasions



Likes to have a  
midday snack



Prefers authentic  
ethnic foods



Wants to eat more  
leafy greens

## 31% of Gen Z's Food Budget is Spent on Dining Out

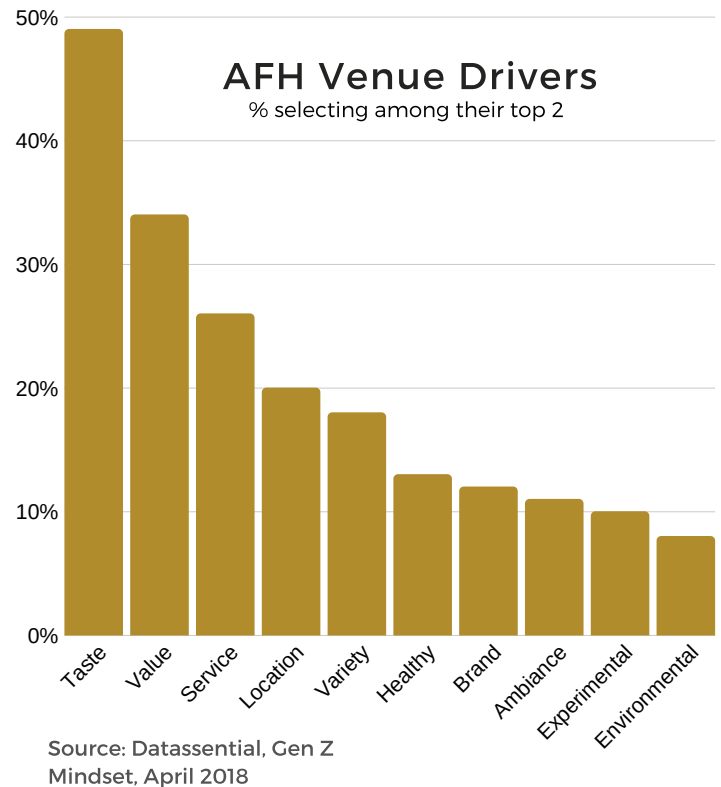
Dining out frequently is one of the luxuries that Gen Z is taking advantage of with their limited income. In fact, this generation is likely to spend more money on dining out compared to the general population. But budget is important and offering value-based options they can justify is the quickest way to tap into this desire.

To get them in the door, consider featuring options like shareable plates or offering off-peak promotions geared toward snack occasions. While they don't have a lot of disposable income, splurging is an opportunity given their limited financial responsibility.



# DINING PREFERENCES ARE TAKING SHAPE FOR THIS GROWING GROUP OF YOUNG CONSUMERS.

On a weekly basis, over 75% of Gen Z consumers are visiting foodservice establishments, according to Technomic. And as this group ages, the numbers and reach will grow, just as we learn about their distinct differences. For instance, taste is important, and value comes in as a close second, followed by service, and convenience. However, taste and value are actually less important to Gen Z than the overall population. Service, brand, experience, and environmental issues are important drivers for dining decisions, too.



Taste and value matter, but for Gen Z, they want so much more.

For Gen Z, their interests begin with familiarity, not with experimentation and flavor adventure. While this group likes trying new foods, they're not ready to gamble on ordering a meal if they're not confident it will taste good. The factors that are most important to this group are fresh ingredients, all natural and organic items, and locally sourced items without artificial ingredients.

## Gen Z Over-Indexes for Drivers Beyond Flavor



**SERVICE**  
Expects top-notch service



**BRAND**  
Returns to favorite spots



**EXPERIENCE**  
Likes to try new places



**ENVIRONMENT**  
Picks places that focus on environmental issues

# GEN Z CONSUMERS ARE FALLING INTO DISTINCT EATER TYPES



## BASIC EATERS

**Gen Z: 16% vs. Population: 19%**

"I eat because I should and I like to stick with what I like."



Try this:

- Pancakes
- Pizza
- Chicken Strips
- Cookie Dough



## QUALITY ESSENTIALISTS

**Gen Z: 19% vs. Population: 31%**

"Quality matters to me, but I also care about price and convenience."



Try this:

- Buffalo Sauce
- Burrito Bowl
- Pumpkin Spice



## PROGRESSIVES

**Gen Z: 22% vs. Population: 22%**

"I'm willing to try new things, especially twists on things I like."



Try this:

- Ramen
- Smoothie Bowl
- Monkey Bread
- Sweet & Spicy Flavors

Highest indexing score among this group of digital natives with multi-cultural backgrounds.



## EXPERIENTIALISTS

**Gen Z: 43% vs. Population: 28%**

"Food gets me excited and I like to share the experience with friends."



Try this:

- Crepe
- Sushi
- Mochi
- Pho



# GEN Z FINDS COMFORT IN FAMILIAR FORMATS, THE ABILITY TO PERSONALIZE, AND ON-DEMAND TECHNOLOGY.

EMBRACE THIS NEW CONSUMER WITH THESE IDEAS & TIPS.

1

**Break it down.** Meeting the needs of a large consumer group with an age range of 22 years is a challenge. After all, 18-22 year olds have different needs than 13- to 17-year olds. Breaking the group into sections makes it easier to begin identifying menu opportunities.

2

**Focus on the basics.** Just as taking a form that is already recognized and accepted by consumers is a proven approach to menu innovation, using this same approach is right for Gen Z.

3

**Be flexible.** This cohort is still in their adolescence and will experience changes in their needs and desires over time. Being flexible and nimble will be important to gain their loyalty over the long haul, and to maintain your relevance as their foodservice presence expands.

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With 14.6 billion restaurant visits completed in 2018, Gen Z is on-track to use foodservice more than previous generations. We're keeping an eye on them, and encourage you to do the same. Observation is a good start, in our experience, along with steady analysis of insights. It's how we kickstart our own proprietary process to create on-trend and targeted menu concepts for our customers. And with this new wave of consumers, we're ready to put it to work again.

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At Custom Culinary®, we're dedicated to perfecting the art of flavorful food. Our team of industry experts combine culinary arts with food science, manufacturing technology, and menu insights to create authentic flavor systems and unique menu concepts that meet your bottom-line goals.

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Datassential GenZ Keynote Report 2018 | "Gen Zs Are Getting Older and Making Their Mark on Restaurants and Eating Trends," NPD Feb. 2019 | Brookings's Metropolitan Policy Program, 2018