

Understanding Generation Next

The Millennial generation is growing up and presenting new opportunities for delis

BY SHARON OLSON

It's time to stop thinking about the Millennial generation as "those kids" because Generation Next is rapidly becoming Generation Now. Even though younger Millennials may still be depending upon family for support, many are forging their own life away from home, have become parents of young children and are heading up their own households. These consumers born between 1977 and 1992 encompass potential customers in three distinctly different age groups and a variety of different life stages.

A recent study included younger Millennials, ages 19-25, middle Millennials, ages 26-30 and older Millennials, ages 31-36. An understanding of different age groups and their life stages is important to understanding the factors that influence their food decisions at home and away from home. Young consumers who are still finishing college and living at home behave differently than those transitioning to financial

independence or those who are heads of households with young children. The Millennial generation includes consumers 19 to 36 years old today, and there is real value to understanding the varied lifestyles within this group.

The Culinary Visions Panel and Y-Pulse (ypulse.org) collaborated to conduct a survey with more than 1,000 consumers to better understand how consumers in different age groups and life stages approach food choices and the factors that drive their purchase decisions. The focus of the study was on snacking behavior because younger consumers in particular eat more small meals or snacks throughout the day rather than traditional meals favored by their parents and grandparents. Overall, Millennial consumers do not care as much about defining an eating experience as a meal or snack. The focus is on satisfying their need to eat what they want and when and where they choose to eat it.

Looking at snacks and meals by traditional definitions might lead a deli to abdicate the opportunity for snack sales to packaged snacks in the grocery aisles or to quick service restaurants and convenience stores. Yet, the study pointed to some significant opportunities for supermarket delis and bakeries in addition to a wide range of foodservice venues.

The Snacking Opportunity For Deli

Perceiving snacks as an impulse behavior alone may neglect opportunities to satisfy consumers' needs when they shop in the deli. Thirty-six percent said they purchased from a store or restaurant nearby when the urge hit. Yet 41 percent said they brought snacks from home. Many of the favorite ingredients in those items brought from home included foods that could be readily purchased from a deli such as cheese and mini meals.

Consumers who participated in the



Consumers in this study expected to pay a little more for snack foods they purchased at a deli versus a convenience store. Forty-two percent of consumers expected to pay \$3 to \$5 for a snack purchased at a deli and 18 percent expected to pay more than \$5. The majority, 53 percent expected to pay \$1 to \$3 for snacks purchased at a convenience store.

Dividing the Millennial Generation

There are many similarities among the desires and motivations for snacks among Millennials, but when looking at age and life stage there are some important differences to consider that might lead to even greater customer satisfaction.

Younger Millennials (19-25 years old) are those who snack most often. According to the research, those living on campus and with roommates are the most likely to snack more than five times a day. Early afternoon and late at night are prime snacking times for this group. Those with roommates tend to snack more in the morning and mid-morning than older Millennials (31-36 years old), and they are also the top late afternoon snackers.

Millennials under age 25 report preparing their snacks at home more than other age groups. This group also has a higher percentage (61 percent) than other age groups that report planning to eat less frequently (38 percent) at quick service restaurants. The deli is uniquely suited to respond to the needs of consumers who bring their snacks from home by promoting the quality, value and convenience of customizable snacks and mini-meals than can be easily assembled from fresh ingredients

purchased in the deli.

Middle Millennials (26-30 years old) are purchasing snacks more often at supermarket delis than other Millennials. After dinner is prime snacking time for this group.

Older Millennials (31-36 years old), those living independently or with a spouse are more likely to snack once or twice a day than younger Millennials. They are more likely to snack in the mid-morning and late afternoon. They are less likely than younger Millennials to snack in the early afternoon and before dinner through late at night.

Many Millennial consumers are parents, and of those Millennial parents, 78 percent report they provide their children with the same food as the entire family. Almost half (49 percent) of these parents are concerned about the healthfulness of food they serve their children and themselves. Forty-nine percent say they provide healthful choices and 27 percent try to limit their children's access to processed foods, while 21 percent say they frequently provide natural and/or organic foods for their children. Only 14 percent provide separate food for their children and less than 2 percent say they let their children choose their own meals.

study were asked to share their biggest challenge in meal planning. Understanding these challenges speaks to opportunity for the deli.

The cost and availability of healthful options were a top concern followed closely by having the time to eat healthfully. Consumer perceptions of freshness and healthfulness are closely related and the supermarket deli received high marks for both. Eighty-five percent of consumers in this study noted healthfulness as a motivation for purchasing a snack from a deli.

Convenience is another challenge to consumers who want the ease of grab and go snacks that do not take a lot of time to prepare. When considering snacks for the family, there can be very different preferences for different family members. Convenient packaging that allows for easy transportation is another important factor. Disposable or reusable bento style, compartmented containers are perfect for today's consumer who wants convenience and customization.

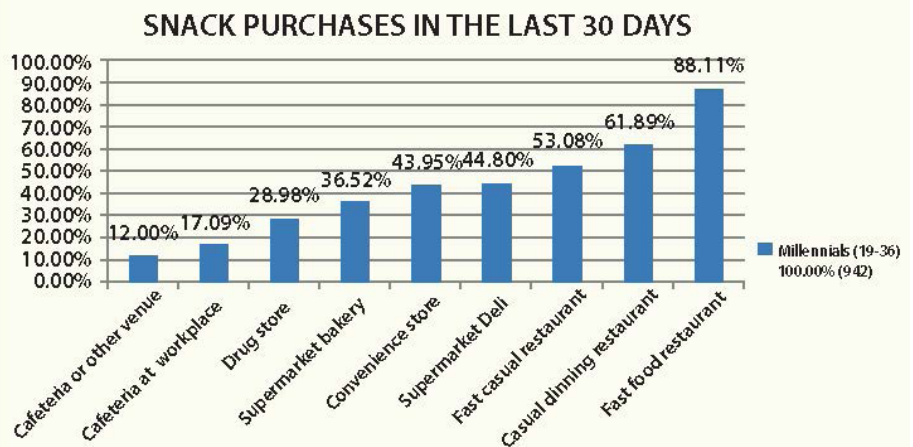
Flavor fatigue is another factor that frustrates consumers who get tired of the same thing day after day. Coming up with new ideas is one more thing that is easy for delis to take off of their customers' to-do lists. A customized recipe or a series of variations on favorite items can make a deli the destination for fresh and flavorful snacking.

Value is often noted as a challenge for consumers who discussed the difficulties of balancing the cost of convenience within a budget and the premium prices of healthful options.

Snack Shopping Venues

Today the deli competes with all types of food and foodservice venues. This study delved into choices and purchases criteria for snacks at supermarket delis and bakeries as well quick service, fast casual and casual dining restaurants, cafeterias at school or at work, convenience stores and drug stores.

It's no surprise that younger consumers frequent quick service restaurants for snacks. In the study, 88 percent reported purchasing a snack at a quick



service restaurant in the last 30 days. Casual dining and fast casual restaurants are the next most popular choices at 62 percent and 53 percent, respectively. At 45 percent, delis rank fourth highest among venues where Millennial consumers have purchased snacks in the past 30 days, followed closely by convenience stores at 44 percent. The supermarket bakery was noted by 37 percent and drug stores by 29 percent.

Overall, Millennials purchase snacks more frequently from convenience stores and supermarket delis than Baby Boomers. Consumers that reported purchasing snacks from supermarket delis in the past month also reported purchasing snacks more often than the general population of Millennials in the study. Eighteen percent of Millennial consumers reported plans to purchase snacks more often at supermarket delis in the coming year.

Motivations for Snacking

Freshness and craving were noted as the most important characteristics in motivating a snack choice at 94 percent and 95 percent, respectively. Craving is more often associated with indulgence and comfort and both of these characteristics were high on the list of attributes. Ninety percent of respondents said comfort motivated their purchase, while 87 percent said indulgence was a motivator. Healthfulness also rates high as a motivation for snacks purchased from delis (85 percent). The high levels of importance on motivating forces at both ends of the healthfulness and indulgence spectrum points to the opportunity to provide a range of snack offerings to answer the crave.

Providing energy also appeared as a motivating factor mentioned by 84 percent. Although brand names were not among the highest attributes, Millennial

deli shoppers ranked brand higher than the general population in the study at 61 percent.

When asked why they purchased snacks at a particular venue, the top five factors for the deli were quality of the food 46 percent, good value for the money 37 percent, desirable taste/ flavor 32 percent, healthfulness of the food 29 percent and convenient location to home, work or school 25 percent. Factors that are traditionally important in quick service environments were considered less important when purchasing snacks from delis. Inexpensive was noted by 21 percent as an influencing factor and speed of service was noted by 18 percent.

Favorite Snacks

Millennials who have purchased from supermarket delis in the past 30 days report higher mid-morning snack preferences for mini meals and combinations of foods, mini sandwiches and wraps, prepared salads, soups and chilis, vegetables, beef jerky, smoothies, bakery items, and candy. Many of these items can be served in an endless array of varieties to eliminate the flavor fatigue that can discourage snackers. Providing an array of condiments and greater opportunity to customize can further encourage snack shoppers.

The study found some significant differences between the snacks chosen at different times of day. The study looked at snack preference at seven different dayparts from morning to late night. The sweet spot for snacking is the late afternoon period when 60 percent of the total Millennial audience reported snacking, followed by mid-morning (44 percent) and late night (42 percent).

Snacks favored in the late afternoon daypart are the most diverse and include popular deli items like cheese, mini



sandwiches/wraps, prepared salads, soup and hummus. Snacks favored by Millennials in the midmorning day part are: fruit, yogurt, granola/energy bars, bakery items and smoothies. Although cheese is among the top five snacks for late night, the most preferred snacks at night are sweet, salty and crunchy snacks. Even though not all of these items are typically found in the deli department, the research points to opportunities for cross merchandising to make the deli a snack destination.

There is also a day and night dichotomy to be considered with Millennial consumers. During the daytime hours healthfulness tends to be a strong motivating factor. As the sun goes down, indulgence reigns in the evening and late night hours. Merchandising different options at different times of the day is a surefire way to capture more opportunities to satisfy these customers.

Capturing Generation Now

There is a significant opportunity for delis to feed the desires of Millennial consumers. Understanding that fresh and healthful can be just as important as indulgent and comforting sets the table for snack satisfaction. Millennial consumers have grown up and they are savvy and demanding of consumers. They understand value in multiple dimensions and are willing to spend more on higher quality snacks that they perceive to be fresh, which is a uniquely positive attribute of a deli experience. Millennial parents are making choices for themselves and their growing families. Delis are in a unique position to give them the high quality, high value customized experience their lifestyles demand.

PREFERRED TIMES OF DAY FOR SNACKING BY MILLENNIAL SUPERMARKET DELI CONSUMERS BASED ON LAST 30 DAYS PURCHASES

