

The



Perspective

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Perishables Group®

FOOD FOR THE MILLENNIAL GENERATION

The Millennial generation (adults ages 19-30) is fast shaping the food marketplace. While representing one-quarter of the U.S. population¹ and a significant portion of food and beverage dollars today, this generation is moving into prime earning and spending years.

There is some difference in agreement on exact birth dates and even names (e.g., Generation Y, Facebook Generation) for this generation; but what is consistent is that this generation is the most self expressive, culturally diverse and technologically astute demographic to date. Understanding who they are and how they are unique will drive future food industry strategies.

The New Face of America

Millennials are the most racially and ethnically diverse generation in U.S. history, with approximately 36% being members of a minority group.²

This generation grew up with ready access to authentically global cuisines, and this exposure drives their continued interest in unique flavors and varieties. These global food preferences are playing out in the grocery channel. In the bakery department, sales of breads with chili peppers increased 19% in the 52 weeks ending April 30, 2011, compared to the prior year. In the produce department, specialty fruits, such as mangos, kiwi and papaya, grew 10.5%. In the deli, sales of sushi grew 11.5% during the same time period.

More than any other age group, Millennials are living virtual lives through the Internet, text messages, email and mobile apps. A recent survey from Shop.org found 91% of retailers have or are developing strategies that incorporate mobile devices. For example, Trader Joe's, a top brand for Millennials, makes online recommendations for product combinations and recipes for ingredients only found in their stores, creating store and product loyalty.

Food marketers that embrace multiple modes of digital media to *create a dialogue* with Millennials, versus one-sided marketing, can win by more effectively engaging and creating loyal consumers.

Creating Restaurant Quality Meals at Home

Partially due to the economic impact but also due to an increased knowledge of cooking and interest in experimentation, Millennials are becoming more engaged with their kitchens. A fairly large portion of Millennials consider themselves "foodies" and are looking to create restaurant quality meals at home. A recent survey from Mintel found 55% of Millennials were willing to spend more money in grocery stores for the highest quality ingredients.

INDUSTRY POLL

Where do you predict consumer spending heading in the coming months?

- Consumers will spend less altogether, choosing private label items or items that offer coupons and promotions to save money **31%**
- Consumers will increase spending, provided that gas prices continue their gradual decline **15%**
- Consumer spending will remain steady with the current trends **54%**

To answer our industry poll, [click here](#).

ABOUT PG

The Perishables Group is a Chicago-based consulting firm focused on creating innovation and value for clients in the fresh food industry. Through an alliance with Nielsen, the Perishables Group specializes in consumer research, advanced analytics, marketing communications, category development, supply chain management and activity-based costing.

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The FRESH Perspective

FOOD FOR THE MILLENNIAL GENERATION

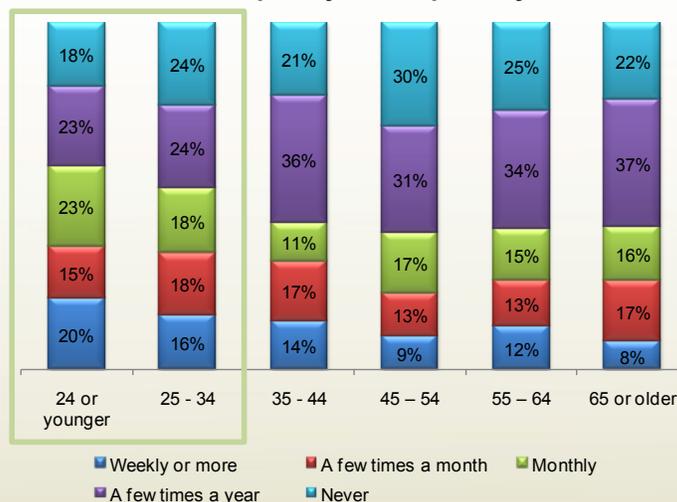
Supermarket retailers are responding. In the deli, for example, the average number of deli cheese flavors increased 57% between 2005 and 2010. And, according to a recent consumer survey from the Perishables Group (PG), consumers under the age of 34 were the most frequent purchasers of specialty cheese.

Not all Millennials are culinary experts, however, with about half describing themselves as inexperienced cooks. These Millennials are looking to the food industry to provide clear directions, cooking aids, simple recipes and semi-prepared meals.

An analysis of PG's Spectra Perishables Consumer Profiles reveals that value-added beef sales index high for younger bustling families, or households with children and a head-of-household below the age of 40, living in cosmopolitan centers. This group of young consumers, which includes Millennials, also indexes high for deli entrees, proving these shoppers value products that save them preparation time.

Value-added and prepared foods index strong across all consumer segments, and that is translating into sales across fresh foods. Sales of deli-prepared foods grew 6.6% in the 52 weeks ending April 30, 2011. Of all increases in fresh meat during the latest 52 weeks, 18% of dollars and 29% of volume were accounted for by value-added items. Value-added beef alone increased 7.9% in average purchase trips per buyer. In the produce department, sales of prepared fruits and vegetables increased 15.2% and 22.6% respectively between 2006 and 2010.

Purchase Frequency: Deli Specialty Cheese



Source: Perishables Group Consumer Web Survey of 1,000 fresh food consumers, April 2011

Masters of Self-Expression and Customization

The old adage claims, "You are what you eat." A Millennial consumer might take it further and claim, "You are what you eat, wear, watch or use." In order to meet the customized demands of Millennials, brands such as Kraft and Bespoke Chocolates are introducing ways for consumers to design or personalize their own products. M&M's, for example, allows consumers to order personalized messages or even pictures on each piece of candy.

Millennials' desire for customization should be taken into consideration when developing new products or marketing initiatives. If achieved, the results are win-win. Allowing consumers to dictate explicitly what they purchase gives them a feeling of ownership and brand loyalty; meanwhile, suppliers are given valuable information on their consumers. The ability to capture and track consumer designs and purchases has become an unprecedented form of market research.

Industry Opportunities

It is apparent that Millennials are a significant group of consumers with a large range of preferences and even larger spending power. The key to appealing to this diverse demographic is to know how your products or strategies fit into Millennials' varied lifestyles and understand how your brand can create value in their lives - beyond the product itself. Within the fresh space, opportunities abound including smaller packaging of versatile quick cuts of meat and seafood, pre-packaged deli meal option, customizable ingredients and flavorings, and increased global products and flavors.

Sourcing:

1. U.S. Census Bureau
2. Pew Research Center