CONSUMER INSIGHTS

September 2017

AHDB
AGRICULTURE & HORTICULTURE DEVELOPMENT BOARD

CONSUMER FOCUS: YOUNG CONSUMERS

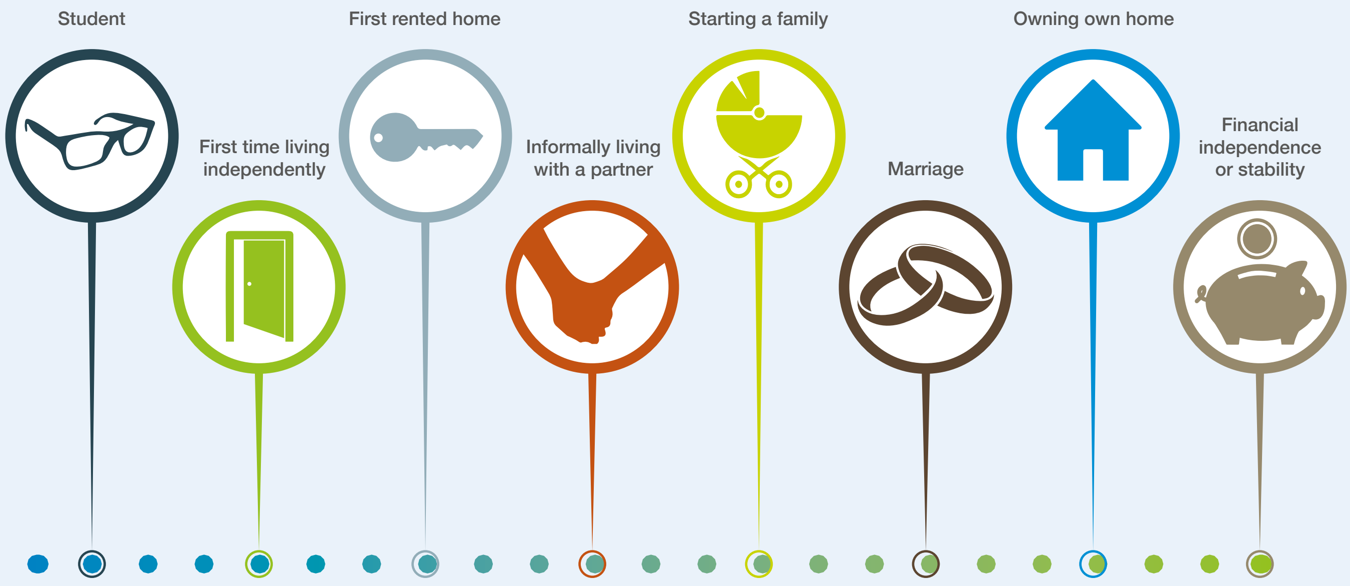
Consumers often retain the habits that they build up early on in life as they age. There is an argument that younger generations are living differently to the generations before them and it is therefore important that an understanding of young consumers' needs and attitudes is developed. They will form an increasingly important sector of the grocery market and will ultimately become the older generation of the future. According to ONS data young consumers between the ages of 18 and 34 account for approximately 22.5% of the total UK population. This report explores key areas in which young consumers' habits differ from the rest of the population and considers what challenges and opportunities this may pose for the food and agriculture industries.

UNDERSTANDING THE YOUNG CONSUMER

An understanding of life stage is just as important as understanding age

There are many different life stages which can be experienced by adults under the age of 34.

Many are choosing to delay events like getting married or buying a house which may have traditionally been 'achieved' by this age in favour of focusing on career goals or waiting until they feel more financially secure. These events can be taken in any order, and some may no longer be achieved at all.



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Changing lifestyles

It can be argued that young people are living differently to the generations before them. The Foresight Factory has observed a trend of increasing age that traditional life stage milestones are being reached and predict that this flexibility in lifestyle is set to continue. An increasing mean age for first time marriages, age of mother at birth and time spent living in parental home as an adult have been reported. Subsequently, it is suggested that age may no longer be as indicative of life stage as it once was.

These large-scale life decisions have implications for more everyday lifestyle choices. Living alone or in a small household can affect the choices consumers make when it comes to food, in both shopping and cooking habits.

Data from AHDB's consumer tracker conducted by YouGov shows that it is not uncommon for young consumers to eat their meals alone, with 24% of 16–24s saying they eat alone everyday compared to a total market average of 16% of people. This could be a result of multiple factors including rushing meals to spend time on other leisure activities or living arrangement constraints such as sharing a kitchen with a large number of other occupants. A change in attitude towards the purpose of meal times is also a possibility, with the importance of having group meal times appearing to be less significant to members of this group.

> "Almost a quarter of young people say they eat alone every day"

WHAT DOES IT MEAN?

The definitions of these terms vary by source but approximate age ranges are as follows:

Baby boomers – born between mid-1940s and mid-1960s

Gen X – born between mid-1960s and 1979

Gen Y/Millennial – born between 1980 and 2000

Gen Z – born since 2000

But who is a young consumer?

There are many ways of defining a young consumer and many terms used to describe the ages that 'young' can refer to. For the purposes of this report AHDB broadly considers those aged 18–34 to be the young consumer group, but recognises there is some variation in the exact ages that terms such as 'Millennials' and 'Generation Y' are used to describe. Research about this group often includes a split, at approximately 24, to separate out older and younger 'young consumers'. Within the ages that this covers, consumers are likely to experience significant changes in their life, an understanding of life stage is therefore as important as age.

Of course age is not the only influence on food behaviour, over the past five decades advances in technology available at home such as freezers, fridges and microwaves have revolutionised food preparation and storage. The range of food products available has also expanded rapidly along with interest in eating varied cuisine types.

Food as a social occasion however does appear to be important to younger ages, data from AHDB's consumer tracker which is run by YouGov shows that consumers aged under 35 are more likely to say they eat out at a restaurant or other eatery on a weekly basis than any other age group. Furthermore, NPD CREST Foodservice data shows that young consumers follow the total market trend for growth in breakfast and lunch meals out.

Tapping into technology

Technology is another distinguishing feature of the younger generation's lives. They are tech savvy, they have grown up with rapidly developing technology and are comfortable using it in many aspects of their everyday lives. Social media has enabled new ways of accessing information and interacting with it, young ages are accustomed to sharing information about their lives and things that interest them at the click of a button and this extends to food too. Sharing images of food that has been bought out or made at home is a common practice via platforms such as Instagram.

WHERE YOUNG CONSUMERS FIT INTO BROADER CONSUMER TRENDS

Healthy Habits

While health is a very broad category and appeals to all ages, certain aspects are more applicable to some age groups than others. One aspect that young people appear particularly interested in is following healthy trends. An example of this is the popularity of fitness/lifestyle role models such as Joe Wicks and Kayla Itsines, with huge numbers of people following their advice on meals and fitness workouts and interacting with these types of activity through social media.

JOE WICKS
1.9 million followers

KAYLA ITSINES
7.2 million followers

Another area of health which should be monitored in relation to young consumers is the deliberate moderation or avoidance of certain foods and the ability for people to self-diagnose allergies and intolerances. This is a concern for some products, in particular, flexitarianism as a method of reducing meat consumption and the rising popularity of dairy avoidance or substitution for perceived health benefits.

AHDB conducts bespoke consumer research and this has indicated there is a difference among age groups as to what a healthy diet may mean. Middle aged consumers suggested that it refers to an ‘everything in moderation’ approach and showed awareness of specific health problems relating to a high fat diet, whereas younger consumers were more mindful of the potential benefits or negatives of specific food types.

However, this level of interest in healthiness has to be qualified because like most people, younger people are not necessarily interested in being healthy all the time and they still like to treat themselves. The Foresight Factory describe this as justified indulgence where consumers aim to be healthy for the majority of the time but use this behaviour to off-set or justify treats such as meals out and unhealthy food items.

A further point to be aware of is the potential difference between attitudes toward health and the reality of consumer behaviour. Research conducted by Mintel found that under 25 year olds were more likely to have not bought any vegetables in a typical week compared to other age groups. It is also reported that there is a perception among younger people that healthier foods come at a higher cost, which could be a barrier for sales growth in this category.

To find out more about the importance of health as a trend, take a look at our **Consumer Focus on Health.**

Crying out for convenience

It is widely reported that consumers are facing time pressures in their everyday lives. Whether this pressure is any different for young consumers to the rest of society is debatable. It could be said that the choices young people make about how they use their free time are the cause of this pressure, or perhaps it could be that they are used to a faster pace of life than the generations before them. With so many options for rapid delivery and on-demand services, expectation that everything should be immediate could be a contributing factor to this perception of low time availability.

INFLUENCES ON THE CONSUMER MIND-SET

Economic and social pressures

Finances

Low income at start of career

Rising student debts

Living arrangements

High rents

Difficulty accessing the property market as a first time buyer

Education/employment

Difficult job market

Pressure while establishing career

Lifestyle habits

Use of technology

Dependence on mobile phone

Shopping online

Leisure activities

More likely to travel than previous generations

Time for leisure activities after work

Socialising

Staying connected via social media

Eating out

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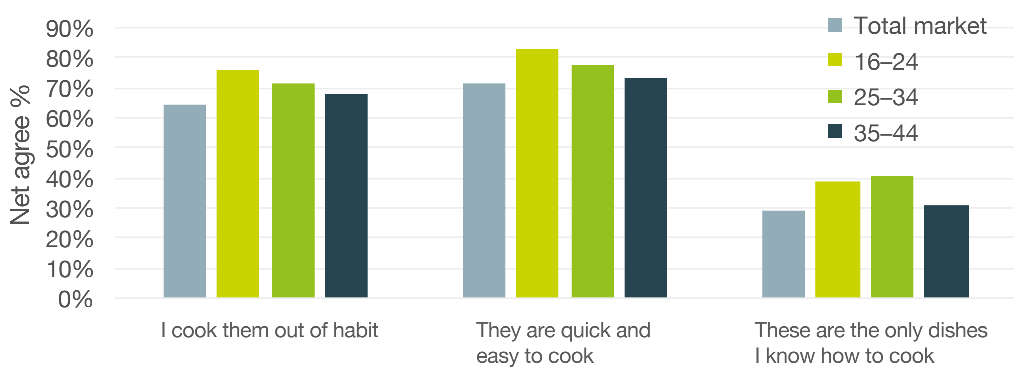
Demand for convenience is an area which can encourage higher spend. Successful convenience products have often convinced consumers that the time saved by using that product is worthy of the higher price commanded. IGD found that 52% of 18–25s surveyed were prepared to sometimes spend a bit more for easier to cook/prepare products compared to 42% of over 25s. This trend can extend beyond particular products, store choice is often also linked to accessibility as the nearest available is used even if it is not necessarily the cheapest.

FOOD AND THE YOUNG CONSUMER: COOKING AND SHOPPING HABITS

Can they cook?

Please indicate why you choose the meals that you cook on a regular basis



Source: AHDB/YouGov's Consumer Tracker, May 2017

Younger generations look for variety in their food. They have grown up in multicultural societies, are more likely to travel and are said to be more open to trying new flavours and tastes as a result. However, how quick and easy they are to cook remains important. Meals that combine tasty flavours and fast and easy preparation are therefore likely to prove popular with consumers.

However, despite an appetite for variety Mintel find that cooking ability and confidence in the kitchen among under 34 year olds is lower than for other age groups. AHDB's consumer tracker data (conducted by YouGov) shows that 39% of 16–24 year olds believe the statement 'I enjoy cooking but have a limited repertoire of things I feel confident cooking' best describes their cooking ability. This could be linked to a clear generational difference with older consumers being keener on home cooking and cooking from scratch. The influence of food education at school could be a factor affecting this. Mintel also find that younger people over index in describing cooking as 'annoying' and 'boring'.

Is price a worry?

When it comes to shopping for food, young professionals are likely to be earning less and can be more constrained by budget limitations than other age groups. With mounting financial pressure from high levels of student debt and ever increasing rent prices, finances can be tight for younger people sticking to a budget. However, this is perhaps exacerbated by how this group choose to spend their disposable income, activities like regularly eating out and buying lunch on-the-go are costly.

IGD report that certain savvy shopping techniques and other tactics for saving money such as taking a packed lunch are more likely to be adopted by 18–25 year olds.

Convenience vs cost

The demand for convenience might suggest that young consumers would be a key target audience for ready to cook, ready meal and convenience products. When it comes to the wider meat, fish and poultry category, it might not be that surprising that under 34s over index on purchases of fresh and frozen pizzas (Kantar Worldpanel, 52 w/e 29 Jan 17). However, analysis by Kantar Worldpanel has also indicated that the same age group significantly under indexes in Chilled and Frozen Ready Meals and part-prepared meal components. This suggests that the price premium commanded by these products may place them beyond the reach of younger generations in their average food shop.

“81% of 16–24 year olds agree that one of the reasons they choose the meals they cook regularly is that they don't cost too much.”

AHDB/YouGov's consumer tracker, May 2017, net %

Similarly in terms of shopping habits, it has been reported by Mintel that young consumers are likely to use convenience stores most frequently in comparison with other age groups. While this may be true in terms of visitor numbers it has to be acknowledged that this doesn't immediately translate into greater spend, particularly if these trips are small basket occasions such as grabbing lunch on the go.

FOOD CONSIDERATIONS BY AHDB SECTOR

CEREALS AND OILSEEDS

New product development has already been seen in breakfast products, many of these are able to be consumed on-the-go, fitting with young consumers need to save time and these products are also often high value.

DAIRY

Snacking products have seen growth, particularly yoghurt and cheese. These can easily be included in food-to-go offerings or packed lunches which makes them very accessible.

RED MEAT

Young consumers need to be convinced that red meat is easy, tasty and quick to cook. Sharing of simple recipe ideas and education about different cuts could help with this, along with smaller pack sizes that seem more affordable to someone on a low budget.

POTATOES

Innovation in potato packs – mixed varieties, smaller sizes could reduce wastage. Varied recipes and dishes which feature potatoes or promote the health benefits of potatoes could also be key for future sales growth.

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OPPORTUNITIES IN MEETING THE NEEDS OF YOUNG CONSUMERS

Taking advantage of technology

Apps for out of home food delivery have been successful in recent times and it's likely that technology will continue to become further integrated with existing shopping and cooking experiences. Social media has also been influential, short video clips of food and recipes shared by 'Tasty' have been very successful and are shared across many platforms including Facebook, Pinterest, YouTube, Instagram and Twitter. These videos grab attention and they are described as 'Snack-sized videos and recipes you'll want to try'.

Making use of more varied media channels for sharing key messages and promotions will continue to be important for the food sector, as will developments in ways of purchasing and ordering food. AHDB's marketing teams are making use of multiple communication channels and marketing activities, including using a range of digital influencers such as bloggers.

HOW CAN YOUNG CONSUMERS' CONSUMPTION CHARACTERISTICS FORM OPPORTUNITIES FOR THE FOOD AND AGRICULTURE INDUSTRIES?

Young consumer behaviour characteristic	Food opportunities
Time – often unwilling to spend a long time cooking	**Quick cook** – products that are quick and easy to prepare and cook, recipes that are simple to follow and fast to complete
Budget – food is an easy way to cut back spending	**Product format** - smaller sized packs suitable for small households, easy to store, and keep for longer to reduce likelihood of food wastage. Alternatively shouting about the benefits of product convenience to justify a price premium
Storage - living situation may mean limited space for lots of food	**Frequent Shopping trips** – taking advantage of more frequent, smaller shopping trips, products that are attractive to someone looking for instant meal inspiration
Skills – lack of confidence in the kitchen, despite interest in cooking from scratch	**Convenient meal solutions** – as well as pre-prepared products, provide meal inspiration or cooking instructions on pack, in-store, online to reduce perceived 'risk' of trying something new

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OUTLOOK

The attitudes that young consumers have towards food and cooking are varied and the research can sometimes appear to show contrasting attitudes rather than one universal viewpoint adopted by the millennial generation. Despite this, their interest in healthiness, curiosity for variety in everyday life and demand for convenience could all be key areas for engaging with this group and targeting food products accordingly.

The differences in age group definitions can almost be considered less important than a person's life stage. As young people redefine social norms and move away from traditional life milestones, shopping and eating habits that differ from previous generations are emerging. It is important that food products can fit with these new meal styles and occasions which will require evolution within category offerings. Providing meal inspiration and solutions which are simple to make and quick to do will help young consumers to feel more confident when trying new dishes.

The spread of new consumer trends can now be accelerated via digital communication channels which have enabled information to be constantly available to everyone, instantly. It is important that marketing through these channels is done carefully to ensure that it is effective, however, meeting young consumers' needs can provide many new opportunities for growth.

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AHDB's Consumer Insight team actively tracks, monitors and evaluates consumer behaviour, reporting on the latest consumer trends and picking out what they mean for the industry and agriculture.

Read more on consumer trends on our website **www.ahdb.org.uk/consumerinsight/** Follow @TheAHDB on Twitter and Facebook, to be alerted to articles as soon as they're published. Or sign up by dropping us an email: **strategic.insight@ahdb.org.uk**

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