

Get real!



Why convenient authenticity is the missed millennial opportunity

Millennial and Teen consumption trends are a hot and sought after topic these days and with good reason. Food and beverage companies know their long-term growth depends on winning a greater share of the Millennial and Teen wallet. And yet these businesses are missing one of the largest growth opportunities that the Millennial and Teen market have to offer them. They are missing this opportunity, not because they don't know what 13-35-year-olds currently eat and drink—but because they haven't looked closely enough at what this demographic would prefer to eat and drink if they were given the choice. They are failing to distinguish between what they do and what they want.

The 'barn-door-sized' opportunity that food and beverage Brands are missing is for foods that can be prepared quickly and conveniently at home but are higher quality and more natural and authentic. When making a comparison, look no further than Fast Casual dining brands like Chipotle and Panera Bread and the impact they've had on mega-brands in fast food and casual dining. They've enjoyed success with Millennials and Teens not by some

grand advertising measure, but by investing their money into developing an affinity for fresh ingredients and authentic menu items. The relative success of these brands provides a window into how other brands can win over the Millennial and Teen consumer at home.

Don't confuse settling for something with meeting ideal needs

This is the trap that any business risks falling into when it confuses the categories of products that consumers settle for with the categories that they ideally want—and which therefore have greatest potential for growth. It's why the perspective offered by TNS's Growth Point rankings, which focus on unmet needs and the degree of positive momentum for a category, is so valuable. In this case, Growth Point shows that the products currently offered as a solution to Millennials and Teens time-pressed lifestyles don't really resolve the tensions created by time and budget pressures and what they really want to eat. They may buy and eat canned chili, hot dogs or ramen noodles but there is very little unmet demand in these categories and even less momentum behind them to drive future growth.

Their perceived lack of quality and sense of being unnatural and artificial makes them a grudging purchase and one that Millennials and Teens are likely to stop making as soon as a better offer comes along.

Convenience that doesn't compromise on experience

Analysis of the Growth Point rankings shows that 13-35-year-olds would be willing to pay more for higher quality foods and drinks that can still give them the same core convenience benefit. These products don't necessarily need to have scientifically proven health or weight-loss benefits, partly because millennials and teens are significantly less concerned about weight control than other groups. However, they do need to offer a crucial sense of authenticity. They see authenticity as being "real" food, not highly processed or containing artificial ingredients. These can be healthy or more indulgent foods; as long as quick, convenient prep accompanies the higher quality and authenticity.

As with all Growth Point rankings, the list of the foods and beverages with most growth potential does not guarantee growth for launches into these categories—but it does highlight the categories that offer the greatest potential for growing a share of

Millennials: Top potential for growth

Foods

- 1 Comfort foods prepared fresh at home
- 2 Fresh fruit
- 3 High protein foods prepared at home
- 4 Side dishes: grains, brown rice, potatoes
- 5 Hot breakfast cereals and fresh breakfast sandwiches
- 6 Greek yogurt, dessert-type yogurt
- 7 Frozen fruit juice bars
- 8 Sandwich/sub from shop
- 9 Dried fruit
- 10 Trail mix

Beverages

- 1 Waters: spring, sparkling
- 2 Coffee: brewed at home or from a coffee shop
- 3 Specialty coffees, flavored coffees
- 4 Iced tea
- 5 Hot Tea
- 6 Smoothies: made at home and ready-to-drink
- 7 Nutritionally complete drinks
- 8 Fruit juices
- 9 Milk
- 10 Coconut water

Millennials and Teens' spending when brands get their proposition right. Focusing research on concepts that can fit time-poor lifestyles while still tasting, smelling and feeling like the real thing is a great place to start.

Finding the right path to growth

Growth Point generates its rankings from the TNS Consumption Universe, which consists of more than 19,000 consumer interviews and covers 250 food and beverage products. The analysis combines the degree of unmet consumer needs with the degree of consumer momentum that each product area has. Where you find both unmet needs and positive momentum, you have better growth potential.

On the other hand, there is far less opportunity in meeting unmet needs in a product area that consumers are walking away from. And there is limited opportunity in identifying products that consumers will spend more on, if it's already fairly certain whose products they will buy. To find out more, visit www.TNSGrowthPoint.com.

