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Food And the Millennial Generation

Forrest Stegelin

“What’s to eat?” is a common echo in households with kids. The Millennial Generation, born between 1977 and 1995, represents 25 percent of the buying power in the U.S. economy. These individuals, ages 7 to 23 today, command tremendous buying power, but what do they spend it on? What is their relative purchasing power in the food arena? Is the food industry (and the food-service providers) targeting these pre-teens, teens, and college students with food-dollar advertising, and to what extent? And even more importantly, what are the results of these marketing and promotional efforts?

“Know the customer” in the food industry entails more than merely targeting advertising efforts such as advertisements, coupons, samples, etc. to the housewife or grocery shopper. Nutritional programs such as 5-A-Day and the USDA Food Pyramid mean little to school-age consumers. Granted, food-safety and health concerns should not go unattended, but how does the food industry bridge the chasm between what ought to be consumed and what is consumed, assuming an ethical food marketer?

Age Subcultures and Demographics

The GI or WWII Generation, born before 1933 and now over the age of 68, accounts for fourteen percent of the population. The War Babies or Swing Generation, currently ages 56 to 67 and born between 1934 and 1945, also account for 14 percent of the population. The Baby Boomers, born between 1946 and 1964, represent the largest segment of the population, 30 percent. Generation Xers, born between 1965 and 1976, follow, and are about seventeen percent of the American population. The last group thus far defined, according to Susan Mitchell in *American Generations* (1998), is the Millennial Generation.

The demographics across all five categories indicate that Americans are moving west—many

of them to Rocky Mountain states and south to the traditional Sun Belt. The American population is also becoming more ethnically diverse, but with geographic differences as borne out by the Census data. The Hispanic and Latino populations are the fastest growing segments of the population, creating a micropolitan shopping influence as they become an active subculture. Also, Americans are aging, with 30 percent now between ages 37 and 55. Yet 25 percent of Americans are under age 24. The current customer base is working and earning incomes, while the future customer base—the Millennial Generation—is learning their spending and saving habits now.

Of those in the Millennial Generation, the college-aged constituency is the most mobile and most independent; however, the elementary-, secondary- and high school-aged populations are still reliant on food either prepared at home, eaten away from home, or carried out for consumption away from the site of purchase. The latter years of the 1990s actually saw expenditures for food spending away from home level out and even decline relative to expenditures for food at home—enough of a shift that demographers coined phrases for the new American cooks: master or gourmet (three percent of those preparing meals at home); traditional or old-fashioned meat and potatoes (about eighteen percent of the meal preparers); health and nutrition, family focused (also about 18 percent of the food-at-home meal preparers); and the dabbler and/or microwave cooks, representing the remaining 61 percent of the meal preparers.

The Science of Shopping

Most shoppers for the food to be prepared at home are women—the mothers of the Millennial Generation—and most of the male shoppers acknowledge that a woman developed the grocery list. Paco Underhill in *Why We Buy? The Science of Shopping* (1999) notes that men and women shop with different attitudes, focuses, and purposes, be it for food, entertainment, gardening plants and flowers, transportation, etc. For many women there are psychological and social aspects to shopping—they are more prone to seek and compare, imagine

and envision, and not just run in and run out. To them, shopping is an experience to be enjoyed and to spend time doing. If the experience is an enjoyable one, they will spend more time and more money. That is why floor planning with wide aisles and sensory ticklers (taste and texture samples, aromas, colors, sound bites, etc.) is so important, especially when the shopper is really a proxy or substitute for someone of the Millennial Generation.

The true purchasing power of the Millennial Generation is questionable at best. After all, many of these shoppers rely on an allowance or some other form of monetary donation for money spent on the various goods and services that could be the focus of this consumer group. Where are the advertising dollars being directed, especially among the food categories? The pre-teens are saturated with print and television advertising emphasizing snack and cereal foods, including some cross-over foods such as granola bars, pop-tarts, and rice treats. Teenagers and college students find the focus is on snack foods and athletic or power foods, including products that supposedly supplement muscle and energy. Regardless of the age of the consumer and the source of the advertising, little attention is paid to the need for health, nutrition, balanced diets, and healthful eating habits—all topics that surface as concerns among the mothers who do the home cooking. Ironically, coupons and other price-discount incentives for food items do not appear in the print media targeted at this generation; the coupons do, however, appear in the print media that the intended shopper or purchaser would browse and read.

Surveys of purchasers of food items for at-home preparation and consumption indicated the following levels of customer satisfaction with the food products acquired at various food shopping outlets: discount department store supercenters, 75 percent; supermarkets and grocery stores, 76 percent; specialty shops (e.g., bakers and butchers, as examples), 74 percent; and prepared foods carry-out, 72 percent. The surveys were conducted in the parking lots of the above-mentioned retail outlets, with the customers being asked to rate their overall satisfaction with the food items they had previously purchased relative to their desired satisfaction or expectation. Location and/or convenience was the primary reason for shopping at the site where surveyed.

Advertising and Other Tricks of the Trade

The proliferation of print advertisements in local newspapers had very little effect on the customer's choice of outlet and on what items were purchased. Fewer than ten percent of the customers surveyed could identify or name any of the featured branded items advertised by the retail store, even after they had purchased food items from within the store. The days during which the surveys were conducted, however, were not the announced coupon redemption days, i.e., double-value coupons, senior citizen bonus coupons, etc.

Is the advertising worth the cost? Seth Godin, author of *Permission Marketing*, shares his insight on turning strangers into friends and friends into customers even if the marketer never meets or converses with the target customers. His comments have been adopted with moderate success by independent grocers, a retail sector that must balance the dilemma of food safety, nutrition, and health consciousness against making home preparation and food consumption fun, enjoyable, and affordable.

So how do you keep advertising communications alive, especially when your target market is of the Millennial Generation? The first suggestion is to place the message in "odd places." Campbell's Soup, for example, advertises on parking meters. Many of the sponsors of the large balloons in Macy's annual Thanksgiving Day parade—which attracts millions who visit New York or watch the parade on television—are food companies. Coupons for food products are printed on the back of receipts or included in shopping bags.

Godin's second suggestion is to add controversy or entertainment to the message. Hollywood directors are hired to make television commercials for Coca-Cola. Each additional commercial in the series needs to be more exciting than the previous one. This is the premise of the Super Bowl commercials. The third suggestion is to keep the advertising interesting and fresh. Mascots, including the Oscar Meyer Weiner-mobile, have billions of dollars in brand equity built up for the companies. The intent is to capture the attention of the audience; otherwise, the message may not make an impression. Finally, Godin suggests the direct-mail and promotions approach—marketers now allocate about 52 percent of their annual budgets for this

approach, spending more than \$100 billion on non-traditional media.

Ideally, the individual customers within the Millennial Generation could be observed as they make food purchases using their own hard-earned money. If the ideal could be observed, advertising elasticities could be determined. Studies of non-durable purchases by consumers in the aggregate suggest an average advertising elasticity of about 0.3, meaning that every one-percent change in advertising expenditures will change volume sold by 0.3 percent. In addition to a short-run advertising impact on sales response, advertising has also been shown to have a long-run carryover effect. That is, the advertising effort made in a given period will produce some additional sales response in subsequent sales periods. Advertising carryover coefficients range from 0 to less than 1, with the average carryover coefficient equal to approximately 0.25 for all nondurable consumer goods. Studies also show that the average price elasticity for consumer nondurable products is -1.76—for every one-percent change in price, quantity purchased changes 1.76 percent in the opposite direction of the price change. However, promotional price elasticities (with advertising) are considerably higher. For example, sparkling wine and ground coffee (neither of which is appropriate for advertising to the Millennial Generation as a whole) have promotional price elasticities of -10 and -8, respectively, when the marketer has a 4 percent market share and no advertising. With advertising, the promotional price elasticities increase to -14 and -12, respectively, at a 4 percent market share. It is important to note that the promotional elasticities decrease with an increase in market share. Data was not available to determine the promotional elasticities, the carryover coefficients or the advertising elasticities for food items purchased by the Millennial Generation.

Summary and Significance to the Food Industry

A marketing strategy will fail without an effective marketing-communications program. Target customers such as the Millennial Generation must be made aware of the product and its benefits, be continually reminded of these benefits, and be stimulated to take action. Building awareness, message comprehension, and interest are essential phases in building a high level of customer response and repeat business.

To be effective and cost efficient, a business's marketing communications must reach target customers and deliver an adequate level of message frequency to maintain desired levels of awareness, comprehension, and interest. To build market share, a business needs both pull- and push-marketing strategies and communications. Although the sales response to a marketing strategy is difficult to estimate, the advertising elasticity, advertising carryover effects, and promotional price elasticity provide systematic methods for estimating this response.

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