

M&D WATCH

Food & Beverage

ARE MILLENNIALS AFFECTING THE FOOD AND BEVERAGE INDUSTRY?

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Issue III – 2016





What is the great American dream? In the earlier part of the century, most people would have defined it as finding a job, getting married, buying a house, and perhaps having children. Millennials are interesting because it seems that although they want the same things, they are willing to wait longer to get them. According to an article found in a Business Insider, "The problem is that they are delaying all this, in part to build careers in large metros." With the high price of houses, single Millennials feel a house in the burbs is out of their reach, unless they either build a very lucrative career or get married and have two incomes.

The issue with living in metropolitan areas is that it creates hardships that Millennials' parents and grandparents didn't have, such as having a car to do some major grocery shopping and then having the storage space to handle the haul. The grocery industry has tried to adapt to the lifestyle by implementing services such as online ordering and door-to-door delivery. But, are these steps enough for this generation's fast-paced lifestyle? Do Millennials still maintain recipes passed down from generation to generation? Do they have enough time to cook a delicious meal? Even as a married couple, both parties usually have full-time jobs to save up for the ultimate dream. According to an article found in The Wall Street Journal, consumers are not moving to the suburbs as often as they once did, especially those in the 25-to-34- age range. Forty-six percent fewer people left New York in the period 2010-2013, compared to those who left the city in the earlier part of the 2000's. As a tough job market and tighter mortgage regulations delay marrying and buying homes for the Millennial demographic group, food retailers and restaurants in some suburban areas are likely to feel the repercussions.

One advantage the Millennial generation has is technology. With a smartphone in hand almost anything is possible with a few swipes of the finger. Not sure what you want for lunch or dinner? Let's check the local menus. Even the corner grocery stores have adapted with food bars that offer hot and cold entrées. With the wide array of online ordering apps, do restaurants and grocery stores lose out? Would a couple prefer to eat out or order in? Both have their pros and cons. Eating out, which may offer a richer experience, tends to take up time and is not cost effective. Ordering in, on the other hand, and including an inexpensive bottle of wine with the meal, can save money and allow for more cozy time while dining (although no wait staff is on hand to serve and clean up).

There is a flip side to the cooking question. Companies that offer everything-premeasured-and-included products advertise that most of the prep time is eliminated for that home-cooked meal. This is great for the people who have the extra time for do-it-yourself meals, but the grocery stores still come up short. Should larger grocery stores incorporate the same product ideas, by offering a food section with everything measured and

ready to go, but giving consumers the added advantage of choosing what they want to make on a moment's notice?

Now one of the bigger questions Millennials think about before deciding to order in or prepare some type of home cooking is. WHAT AM I PUTTING IN MY BODY? Millennials have become more health and nutrition conscious. How does this affect our food manufacturers? Are prepared foods too unhealthy for health-conscious consumers? Given the government's new labeling requirements, how will food processors deal with the necessary disclosures? Will this added information help or hinder food selection? According to the 2015 Food Industry Report published by The Food Institute, "Millennials' shopping habits are different at retail as well. They're looking to spend more on fresh fruits, organic foods and natural products, perhaps leading the way in that overall trend. At the same time they are cutting back on soda, which has been experiencing problems in recent years."

Are brands important to Millennials? According to a survey by Elite Daily, reported in the January 20, 2016 edition of Inc., 60% say they are either often or always loyal to the brands they currently purchase. Social media, a good customer experience, and a focus on the brand's support for society are all important in cultivating that loyalty.

"Sixty-two percent of millennials are more likely to stay loyal to a brand that engages with them on social media sites. A good quality product, not price, is also important in ensuring they become repeat customers." If this is true, brands don't need to change continuously to keep up with trends like changing product ingredients, but they need to produce high quality, healthy foods, and be socially conscious about current issues.

In researching how Millennials use e-commerce, I found several interesting observations. On any given day, more than 65% of millennials engage on social media. Millennials value the opinions of their peers more than previous generations, and actually trust the opinions of strangers when reviewing products. They are a generation of comparison shoppers who compare prices online and read reviews. They also do this when they are examining something they would like to buy in a retail store. It appears that apparel is a major ticket item for these savvy shoppers. They seek personalized, targeted promotions and discounts for their loyalty.

The food and beverage industry needs to learn from other types of retail establishments. The grocery stores have their discount cards, and some restaurants have a program to get an item free after buying X number of meals. Can they do more? Millennials want their brands to court them actively, and coupons sent via email have influence. One person in a survey noted that if he can't scan the coupon from his phone, he walks out of the store. Should weekly fliers and specials be emailed directly to



potential customers, giving them the ability to just scan an e-coupon?

In a blog post on supermarketnews.com the writer states, "However, supermarkets who are focusing solely on e-commerce to engage Millennials are missing half the picture. In addition to their love for authenticity and healthiness, Millennials also love to engage and discover products firsthand; whether epic or every day. Just look at the recent Pokémon Go phenomenon – a perfect example of a fun experience in the everyday. Creating that everyday adventure in store is what will draw customers in – such as taste testing new bold flavor concepts, demonstrating new regional products, or providing more clean label foods."

Only time and experimentation will tell what Millennials are really looking for in the food and beverage industry.

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