

# Meet your new target customers: Generation Z

Bob Krummert Mar 24, 2015

**With Millennials cutting back on restaurant visits, it's time to reach out to an even-younger crowd.**

Don't look now, but restaurant marketers still searching for ways to attract more Millennial customers might be focused on the wrong demographic group. New numbers from foodservice research firm NPD show a significant drop in both restaurant visits and annual restaurant spending among the much-prized 21- to 36-year old age cohort.



So where will the next wave of restaurant growth come from? The numbers crunchers at Technomic can give you some direction. The company's new Consumer4Sight group's take on the 2015 foodservice landscape is loaded with plenty of specific suggestions about where restaurant marketers might best concentrate their efforts now.

The key data point might be found in the demographic breakdown Technomic includes in this report. It shows that Millennials constitute 22 percent of the population and on average purchase 6.3 meals per week from a foodservice operation. Generation Z (ages 20 and younger) is bigger—26 percent of total U.S. population—and also gets 6.3 meals per week from foodservice.

The other three demographic cohorts tracked by Technomic are smaller in number and purchase restaurant meals less frequently than Gen Z or Millennials. The Baby Boomer generation (ages 48-67) is almost as big as Gen Z; it accounts for 25.9 percent of the total U.S. population. But its members get just 4.7 meals a week from restaurants. Gen Xers (ages 37-47) purchase more restaurant meals—5.4 per week—but account for only 14.1 percent of the population.

That makes Gen Z the volume leader in foodservice by some measures, although not in total dollars spent. Various studies indicate that members of this group have a lot more than just their allowance money to spend in restaurants, and their precocious dining behaviors and taste preferences make it logical for operators from restaurant segments other than QSR to go after their business.

Let's hope they get it, because restaurants are starting to lose traction with Millennials. That's the upshot of NPD's new Encouraging More Visits from Millennials report.

Make no mistake. Millennials are still big-deal customers. "For U.S. restaurants and foodservice outlets, Millennials as a group currently represent about 14.5 billion visits

and \$96 billion in spending, which is 23 percent of total restaurant spend,” NPD says. “But the group has cut back in both visits and spending.”

And not just by a little. Those in the 25-34 age bracket, many of whom may now be starting families, made 50 fewer visits per person over the past few years. Group members ages 24 and younger dined at restaurants 33 fewer times over the same period. The result: older Millennials’ annual per capita restaurant spend now stands at \$1,369, down \$213. The spending of younger Millennials has fallen \$146 since 2007, NPD says. Now it’s \$1,240 per year.

These are big drops. How should restaurants respond?

“Even with their cutbacks Millennials still make a lot of visits to restaurants and to encourage more visits, restaurant operators need to offer them a ‘good deal,’ which to Millennials means reasonable and affordable items that are of good quality and the right quantity,” says Bonnie Riggs, NPD restaurant industry analyst. “In other words, they not only want to get their money’s worth, they want good food and service.”

So do the kids in Generation Z. Keep their interests in mind as you plan your future marketing efforts.

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