

Gen Z's growing buying power pushes companies to innovate

Article

The trend: Gen Z isn't afraid to spend and members of the generational cohort are increasingly able to do so as their buying power increases.

- Roughly three in four Gen Z consumers would rather feel fulfilled now than save for the future, per an Intuit survey.

- **Gen Z's annual hourly earnings grew 11.9% year-over-year in May**, nearly double the national rate of 6.3%, [per](#) the Federal Reserve Bank of Atlanta.
- **Nearly half (46%) of Gen Z reports feeling wealthy**, [according](#) to a Charles Schwab survey. That's a higher share than Gen X and baby boomers.

The cohort's feelings about its personal financial situation, along with inflation and a boost in savings from government stimulus at the height of the pandemic, helps explain why **Gen Z has stepped up its spending while other generations tighten their belts**. That's driving food and beverage companies to look for ways to cater to the cohort's preferences.

Zooming in: Gen Z—defined as those born in 1997 through 2012—is accustomed to personalization and a variety of choices, which is driving companies to roll out new products aimed at their unique tastes.

- **Kraft Heinz** last month announced plans to roll out a customizable sauce dispenser with over 200 possible combinations for restaurants.
- **Yum Brands** adjusted menus across its chains. For example, **Taco Bell** added new items such as Cheesy Chicken Crispanada to account for the generation's preference for chicken over beef, and **Pizza Hut** has experimented with bolder flavors such as Spicy Lovers Pizza, per The Wall Street Journal.
- **Heineken** invested \$100 million to roll out Heineken Silver, a lower-calorie, less bitter version of its flagship beer aimed at younger consumers.

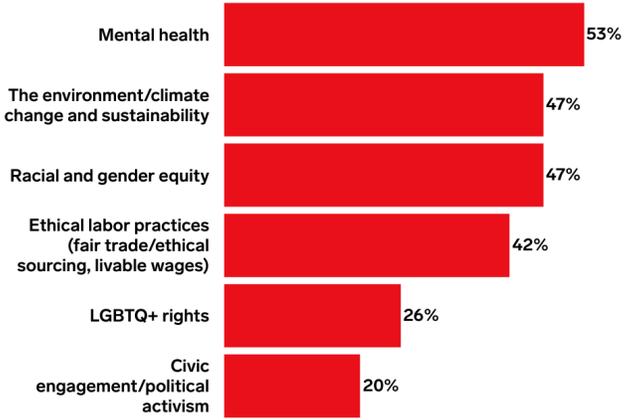
The challenge: While it's relatively easy to tweak food and beverage recipes to meet younger consumers' palettes, some brands have had a harder time adjusting to Gen Z's cultural norms and preferences.

- **Anheuser-Busch InBev** saw a [rapid decline](#) in US demand after its **Bud Light** brand partnership with transgender social media influencer Dylan Mulvaney [sparked an anti-trans uproar](#). The company reacted to the blowback by walking back the sponsorship and placing executives responsible on leave, which alienated both conservative and young consumers in one fell swoop.
- Bud Light's challenges (as well as similar missteps by [Target and others](#)) demonstrate the need for companies to be authentic and resolute in both their messaging and brand positioning.

The big takeaway: While authenticity is always important, it is all the more essential when seeking to appeal to Gen Z consumers, who are more diverse and open than previous generations. Brands would be well-advised to tread carefully around social issues, and focus on incorporating Gen Z values into their overall ethos and product offerings.

Go further: Read our report, [“Gen Z Consumer Payment Habits.”](#)

Values That US Gen Z Wants Brands/Companies Where They Shop to Support, March 2023
% of respondents



Note: ages 16-26
Source: ICSC and Big Village, "The Rise of the Gen Z Consumer," June 7, 2023
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