



PACKAGING UP MILLENNIAL SUCCESS





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INTRODUCTION

Millennials are the largest and most influential generation of consumers yet. They're young, aspirational and demanding; and they spend approximately \$600 billion annually¹. They're coveted by major brands and represent a significant and disruptive force for the global food and beverage industry.

But who are the Millennials and what makes them so disruptive? Tetra Pak examines this question, identifying the needs that characterize this group of consumers and in turn demonstrates how brands can optimize their products and packaging to meet these needs.



MEET THE MILLENNIALS

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Millennials are one of the largest generations of consumers who are about to hit their prime spending years.

Recent research from Goldman Sachs, suggests that, "Millennials are poised to reshape the economy; their unique experiences will change the ways we buy and sell, forcing companies to examine how they do business for decades to come."²

At Tetra Pak, we believe this generation of consumers are characterized by six underlying needs, which can be targeted through both product formulation and packaging when wanting to attract their attention.



COMING OF AGE

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Definitions of Millennials vary, but it is typically accepted that the term refers to a category of consumers born between 1980 and 2000, and for the purpose of this whitepaper, Tetra Pak defines Millennials as consumers aged between 20 and 35.

As the first generation to have grown up with the internet and digital technology, Millennials are a unique generation, who have only ever known a truly globalised world. That said, it is also the generation that bore the brunt of the financial crisis in 2008. It is the combination of these two factors that have driven the development of their underlying needs.

Today, many Millennials find themselves at the point of major life changes – including transitions towards long term relationships, marriage and potentially children. However, the cloud of 2008 remains present, with the challenge of employment and income forcing many to push back the notion of “settling down”.

Despite being seven years on from the global financial crisis, the position of the economy remains the key issue for many Millennial consumers. Yet many remain individually optimistic with a number citing a successful career, a good home, and making their parents proud as major goals³.

It is these experiences, opinions and outlooks that shape Tetra Pak’s “six needs” that we believe brands should target when marketing to this generation.



THE SIX MILLENNIAL NEEDS

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Global

Millennials are the first globalised generation to have grown up in a world where technology makes 2,000 miles as close as two. This has elevated the outlook and network of influencers that Millennials have to a truly global scale. More than half have friends that live abroad and 20% have spent time studying or working overseas⁴.



Connected

Millennials are the first digitally native generation. They are more connected and more reliant on digital technology than any other generation and the majority don't remember a time before mobile internet. Today, more than 84% of Millennials own a smart phone⁵ and report checking in for updates more than 40 times daily⁶. As a result, they expect brands to be just as connected. Millennials are the most likely generation to use QR codes. 25% of millennials scan codes on packaging with a mobile device to gather information about the product.



Social online & offline

Millennials are highly social and consistently look to their peers for guidance and recommendations on shopping decisions. Millennials view online social activity as an important supplement to the offline world, with 54% of Millennials stating that social networking has helped them to build stronger relationships with friends and family⁷.



Hungry for experiences

Millennials are often regarded as more adventurous, compared to older generations, always on the lookout for new products and services, searching for novelty and fun even in everyday products. For instance, 65% of Millennials in the USA said they are interested in trying everything from opera to rock-climbing compared to just 39% of other generations.⁸ Millennials have a greater interest in travel, which often translates itself into adventurous eating habits, demonstrating how they want to buy an experience rather than a product.



Impulse shoppers

This is a generation characterized by impulse – whether it's planning meal and food purchases on a day by day basis or deciding to treat themselves to a special purchase, Millennials are interested in convenience. They look for food and drink options that are easy, simple to deal with and fit into ever busier lives. As a result, 41% of Millennials are prepared to pay more for products that make their lives easier.⁹ 43% of millennials would choose packaging that allows food to be eaten on-the-go, over another product. They are therefore demanding different product sizes, to suit different occasions, including individual portion options for on-the-go consumption



Focus on natural products

Millennials are savvy shoppers, who are able to navigate the balance between price and value. They're interested in a healthy and more environmentally friendly lifestyle, with 53% of Millennials reporting that they would like to do more for the environment but that they don't know how.¹⁰ Millennials prioritise organic and vegetarian food, over other age brackets, and are more likely to choose a product if the packaging conveys a natural look. Across Europe, Millennials predominately agree that it is worth paying more for organic milk

UNDERSTANDING MILLENNIAL FOOD AND BEVERAGE CONSUMPTION HABITS

Millennial consumers are foodies. They spend a lot of time shopping for food and nearly 58% claim to cook for fun at least once a week¹¹, highlighting the need for impulsive and convenient shopping opportunities.

Food is all about the experience and the opportunities it provides for socialising. 83% of this generation in the USA share meals as a way to socialise and a further 75% like to try adventurous food¹². More so than any other age group, Millennials are passionate about cooking, and are particularly keen on experimenting with new and different ingredients and flavours. They are increasingly reliant on technologies such as mobiles and tablets to research and buy their groceries.

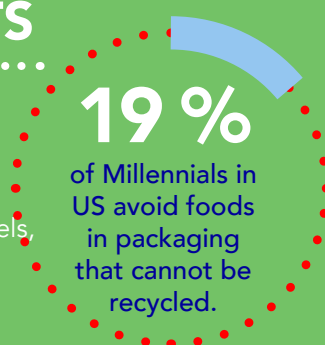
HEALTHY EATING: AN IMPORTANT FACTOR

Although Millennials recognise there is a place for indulging, they are predominantly health conscious, with more than half (51%)¹³ actively avoiding fast food and 63% using food and drink as a way to improve their health¹⁴. They are conscious of the need to focus on specific ingredients and are most concerned with vitamin deficiency, E-numbers in products and not being able to eat regular meals due to their lack of time.



FOCUS ON NATURAL PRODUCTS

For Millennials, packaging plays a key role in communicating a natural look and feel of a product. 49% of Millennials agree that packaging with a homemade feel, such as paper and handwritten labels, gives the impression of a more natural product.



FLEXIBLE EATING ROUTINES

On the go and out of home consumption is a way of life for the Millennial consumer and they're more likely to have a meal out or eat on the move than any other generational group.

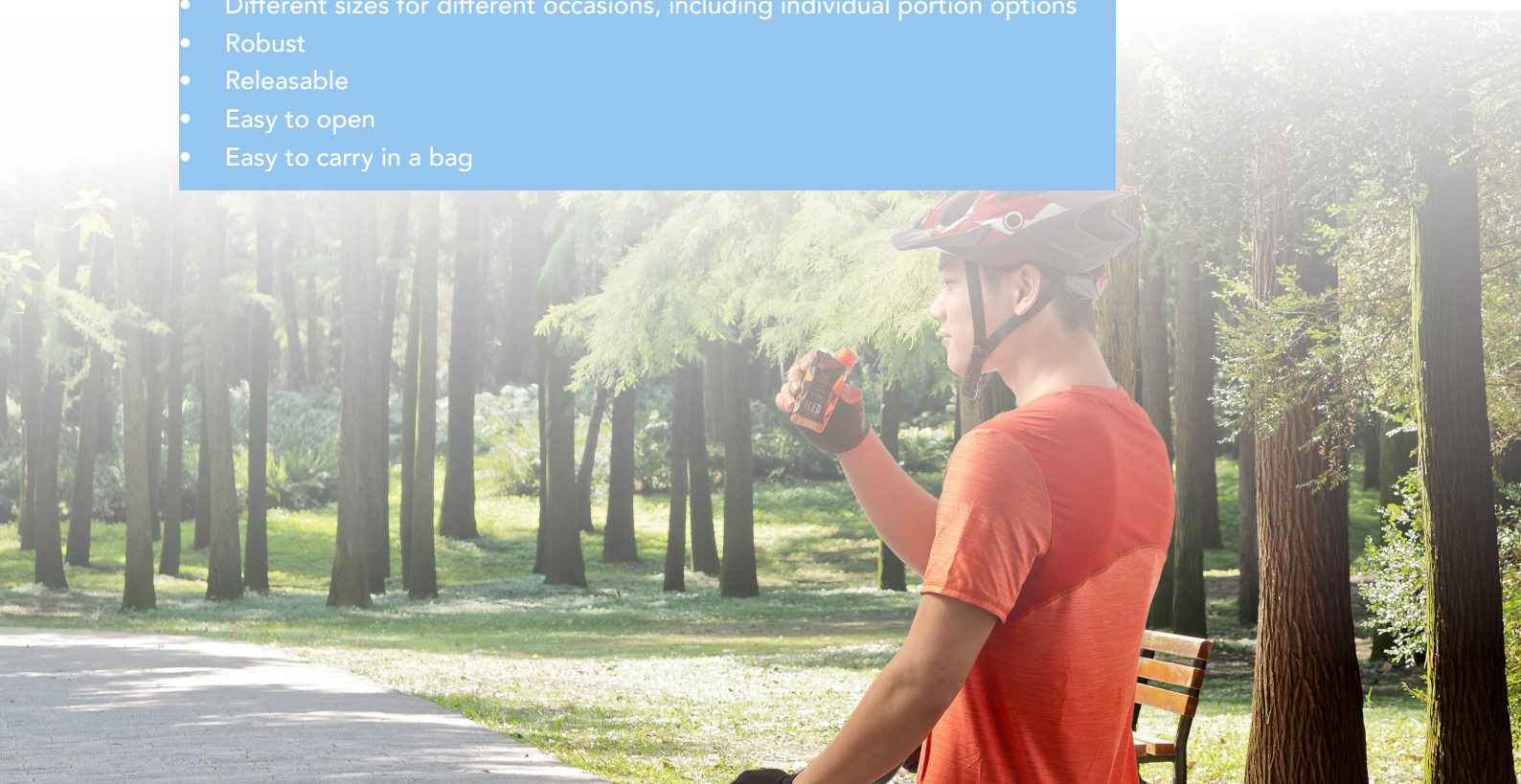
Young people have less fixed eating routines, opting to regularly skip key meals such as breakfast, with only 55% in the Nordics regularly eating breakfast at home and they're particularly likely to snack between lunch and dinner¹⁵. This is linked to the fact that they're much more health conscious, with a fifth (19%) viewing snacking as a critical tool in their weight management strategies – and choosing fruit and vegetables above sweet and salty snacks¹⁶.

As mentioned, 43% of millennials would choose packaging that allows food to be eaten on-the-go, over another product. This is creating a real opportunity for brands as they seek to launch new products that make everyday consumption more convenient – look no further than the growing phenomenon of breakfast shakes as a good example of how breakfast has been revolutionised by making it portable and on the go.

Instant products therefore continue to gain ground in the food market, rising to more than 17% of all food launches.

Consumers expect products to provide flexibility, and improved convenience to fit in with their on-the-go lifestyles. Some of the packaging features and options that consumers are demanding include:

- Easy to hold and grip
- Different sizes for different occasions, including individual portion options
- Robust
- Releasable
- Easy to open
- Easy to carry in a bag



HOW ARE BRANDS RESPONDING TO MILLENNIAL CONSUMPTION PATTERNS?

The trend is to respond through innovation and differentiation, with a focus on addressing different product solutions for different occasions.

Unilever's AdeS, a combination of soya milk and fruit juice, has become a big success in Latin America, holding onto around 50% of market share in Brazil in a category that has grown by 19% a year. Unilever produces varying sizes and formulations of AdeS for different consumer groups, recently launching a portion-sized version in Tetra Prisma Aseptic DreamCap, specifically targeting teenagers and young adults for out of home consumption. Marketing support for the product has been focused on its protein value for the 'go-getters' Unilever aims to reach.

Millennials are also major consumers of sport & energy and health drinks. For example coconut water has benefited significantly from its positioning as a natural alternative for recovery during and after physical activity.

Furthermore, having a limited edition package is a factor that prompts 33% of millennials to buy a new food product. In the US, 19% of US Millennials are interested in personalised packaging for beverages.

Coffee, especially iced coffee as a category, is a beneficiary of the Millennial need for convenience. Jimmy's Coffee in the UK has cornered a profitable market for on the go consumption, whilst in Pakistan Nescafe Cold Coffee has successfully positioned itself as a trendy alternative for cooling off in the hot summer and as a treat for the evening meal during Ramadan.

Tapping into the demands of health conscious consumers, Flo Drinks' flavoured water is a popular drink free from sugar, sweeteners and preservatives, that caters to this increasing life-style trend. The octagonal shape of the Tetra Prisma Aseptic 500ml with StreamCap, in which Flo is packaged, gives the product a striking look that draws consumer attention, making this portion size pack stand out on the shelf.

These trends are creating new opportunities for brands to launch interesting new takes on conventional products that meet Millennial desires, tapping into the need for engaging and more convenient options.



PACKAGING UP PORTION-SIZED SUCCESS

Millennial consumers look for five key attributes when picking a single portioned package off the shelf; how the package looks, how easy it is to hold and carry, how easy it is to drink from, whether it can be resealed and how environmentally-friendly it is.

The visual appeal of a package is very important and this is particularly evident in South America and Asia. For example, younger Mexican Millennials are more likely to purchase a product based on its appearance over other factors such as; safety, practicality and size. In addition, the combination of both the visual appeal of a package and its suitability for drinking from it directly, are significant factors that influence purchasing in China, Indonesia and Brazil.

As a sign of the emphasis Millennials put on attractive and engaging packaging, Coca-Cola's and Nutella's recent successes with personalised packaging gained the highest levels of engagement with Millennials.

For packages designed to be used outside of the home, convenience is a key factor when Millennials make a product choice. This generation expects both portability, and an easy drinking experience, along with resealability from product packaging:

- Millennials look for convenient portion packages, to be carried with them and easily used on the go
- They are used to drinking directly from the package, so "easy to drink from" is a key package requirement for them
- Across the majority of global markets, a package that provides a resealable cap over a straw is very much in demand, particularly for larger cartons

Packaging is particularly important for Millennials, with 85% of millennials considering the packaging material to be a key part of the product and brand experience, compared to 71% of Non-Millennials.

Finally, Millennials globally are choosing eco-friendly products and are willing to pay for them. They actively seek out information about a product's sustainability credentials and expect brands to help them consume smarter, with less packaging, less waste and more recycling.



BECOMING THE PRODUCT OF CHOICE FOR MILLENNIAL CONSUMERS

The best products are those that help satisfy consumer needs.

As we have outlined, Millennial consumers have a range of interesting and dynamic needs, spanning everything from the experience a product can provide to how it can support engagement in an ever more globalised world. This is particularly evident in the food and drink sector where a shift in consumer attitudes, most apparent in Millennials, has driven brands to develop more mobile solutions that can be consumed on the go. A great example of this is breakfast drinks, which have reinvented an entire category, driving growth across multiple markets.

Finally, the package itself cannot be neglected. Millennials demand packages that are good looking, easy to use and suited to their lifestyle. Getting these factors right is pivotal to achieving success with a product marketed at this generation.



STAYING CONNECTED TO THE CONSUMER:

Millennials are increasingly using QR codes with their mobile devices, to gather information about products

Smart packaging is driving consumer engagement, promoting alternate relationship building opportunities with the consumer to build confidence, trust and encourage repeat purchase intent. Some of the smart packaging activations include:

- Product information gathered through unique QR codes
- Promotional offers available to the customers based on real-time consumer data
- Fun learning activities available to consumer to engage directly with consumer



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