



2022 Challenger Brand Paper: Gen Z Disruptors





While youth have always been at the forefront of defining and shaping trends in society, members of Gen Z are particularly unique in their influence. Gen Z is the most diverse (racially, ethnically, orientation & otherwise) generation in our country's history, and they're experiencing the world in one of its most tumultuous forms. Gen Z knows a world of tech reliance, political & social tension, and the stark realities of living in a global pandemic, all shaping the way they influence us today.

Gen Z raises the bar – they are steadfast in their values and expect more from all facets of their world, making what they expect from brands no different. They look for brands to not only reflect their values in mission, but also seamlessly be a part of places they frequent most – different interfaces across the digital sphere. This generation was uniquely digitally reliant & native even prior to the pandemic, and COVID-19's impact on our whole society's digital fluency has only solidified & strengthened Gen Z's positioning as leaders in this realm. For Gen Z, integrated shopping (& brand marketing) across in-store and digital touchpoints has become table stakes, and their dexterity in the digital landscape has given any brand who can harness this authority, authentically, unprecedented power with this consumer & generations beyond. Furthermore, the spending power of Gen Z is second only to Millennials, closing in on \$150B despite these shoppers being 24 and under.

Brands that can be part of Gen Z's lifestyle command significant value across categories, evident by recent acquisitions of challenger brands that target younger consumers by category-leading strategies (e.g., Youth to the People (L'Oreal)).

This year's Challenger Brand paper introduces 3 key strategies on how to win with the Gen Z consumer and identifies brands who have successfully adopted these strategies.

1. Resonant Value Equation & Messaging

Gen Z turns to brands that reflect their values. In particular, they care about sustainability, wellness (both mental and physical) and inclusivity. Brands that are able to harness these values in their brand mission & corresponding comms resonate the most with these consumers.

2. Popping Aesthetic

Beyond reflecting internal values, Gen Z also looks to brands to emulate a certain 'vibe.' They turn to products that offer an aesthetic experience they can either relate to, or aspire to, and that they can associate with digitally. Simply put, curated packaging, design, and aesthetics matter.

3. Relevant Availability

Gen Z expects brands to meet them where they are, which means engaging / connecting over platforms like Instagram, Tik Tok and Discord. These digital platforms are how Gen Z best connects with others, so brands must capture them here – and capture them authentically – to capitalize on their value.



Challenger Brands that have successfully employed these tactics to become Gen Z Disruptors:



1. Starface: Starface makes skincare fun & is most popular for their star shaped pimple patches. They celebrate youth, make treating acne 'cute' & whimsical vs. stigmatized & shameful, and provide an avenue for self-expression. Search #Starface on IG and see teens & adults proudly dawning pimple patches in selfies, even Hailey Bieber.



2. Parade: Inclusive underwear brand Parade brings "unreal comfort" in "expressive basics" to all, promoting sustainable fabrics (with popping colors!) and social good. Parade is a timely entrant to the market, explicitly looking to compete and push out the category incumbents promoting a certain 'look' and size as the desired standard vs. loving each individual as they are.



3. Liquid death: Founded by a former punk & heavy-metal band member, Liquid Death brings interesting and provocative marketing to an age-old category – water. Liquid Death's canned water offer leverages TikTok, partnerships with Gen Z influencers like YouTube's Cody Ko, and even a joint Netflix campaign to get word out on their visually edgy, sustainable business model focused on plastic reduction & 10% profit give back.



4. Necessaire: Personal care company Necessaire knows what they bring to the table: spa-like aesthetics, subtle, but luxurious products in smell & texture, and a clean, responsible footprint (climate & plastic neutral, clean / vegan formulas, donations per sale). Put this all in a targeted social media strategy that creates buzz & desire to associate oneself with the brand, and Necessaire has taken the 'Instagram brand' trope & flipped it on its head.



5. Colourpop: Incubated by the same company that launched Kylie Cosmetics & KKW Beauty, Colourpop consistently outpaces its 'celebrity-founded /backed' social competition on digital engagement. Why? Colourpop democratizes beauty in a way that high spend luxury brands don't, and bets on the social sphere in a way that makes Gen Z gravitate to this 'new wave', 'fast beauty' brand.



6. Simulate/NUGGS: Plant-based chicken nuggets done right. Take a resonant value equation (plant-based, high taste) & pair it with a social savvy-ness & edge unique in the F&B space and get Simulate – a tech forward 'chicken' nuggets brand (NUGGS) looking to go viral and eliminate factory farming. With packaging emulating more 'fashionable coffee-table book' than frozen food box, and product pictures that could be out of a Vogue editorial, look to Stimulate to stand out as the brand continues to expand from DTC to brick & mortar.



7. Alani Nu: Disrupting traditional energy drinks & historical male-centric targeting, Alani Nu's brand positioning invites all consumers into the space with cleaner, less harsh options in both 'vibe' and nutrition (no sugar, added vitamins). Their most recent partnership with Addison Rae exemplifies the brand's direction: bubbly Gen Zers who want more energy in a fashionable, permissible & cool way, removing any stigma traditionally associated with the space. Founded in 2018, the brand has reached nearly 800k IG followers in just a few years.



8. BEHAVE: Woman-launched in 2020, BEHAVE is one of the newest entrants to the candy category looking to tackle traditional sentiments towards 'bad' foods head on – each package of better-for-you gummies (just 3g of sugar, with 6g of protein) has an all caps BEHAVE crossed out, a nod to more positive attitudes surrounding sweet indulgences. BEHAVE brings competition to the otherwise unchallenged BFY gummy space dominated by Smart Sweets. Bolder messaging & a more accepting POV makes this F&B brand one to watch.



By employing these 3 strategies above, category-leading, established brands can authentically connect with this cohort, too. Recent examples of stalwart brands that have expanded their consumption target to appeal to Gen Z include:



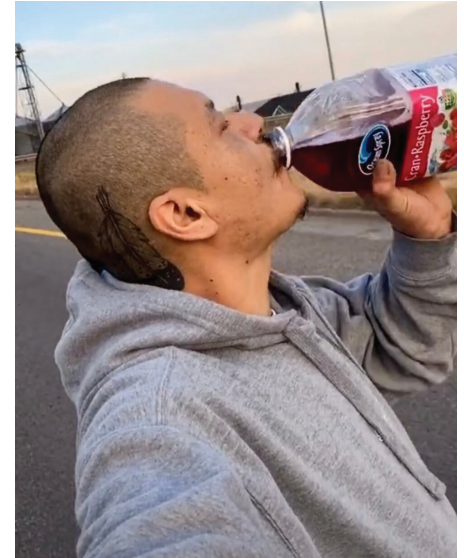
1. Dunkin':

Rebranding in 2019, adding a pop-up shop with seasonal drinks, prioritizing innovative tech in the mobile ordering space, and adding more plant-based / trend forward options (Beyond meat, avocado toast), Dunkin' is a leader in adapting with the times. Most importantly for their bottom line in recent times has been their targeted TikTok strategy, leveraging some of the app's top users to earn a consistently 'viral' reputation.



2. Kraft:

A benefactor of the TikTok 'food hack' movement, Kraft Mac & Cheese got an initial unaided boost by users showing how the brand's signature product can be elevated to gourmet. Quickly capitalizing, Kraft partnered with local favorite Van Leeuwen to create a limited-edition Kraft Mac & Cheese flavored French ice cream. Immediately selling out, this SKU went viral and had huge halo effect for the brand equity. Due to overwhelming demand the partnership is back – and we can say it's not half bad...



3. Ocean Spray:

Ocean Spray made a huge imprint on the TikTok community in 2020 thanks to Nathan Apodaca's viral TikTok, where – after a bad day – Nathan skateboards and drinks Ocean Spray, all to Fleetwood Mac's "Dreams." This one video spurred a movement, causing thousands of recreations of the video across creators and celebrities alike (Jimmy Fallon, Ocean Spray's CEO), the video even becoming the face of the NBA Finals TikTok commercial. Ocean Spray product was subsequently cleared off of shelves from customers, suggesting how a brand evoking a "vibe" that resonates with Gen Z can harness organic content into their communication strategy.

Making a concerted effort to win with Gen Z will expand a brand's market, growth, and enduring value. We've identified three strategies that challenger brands have successfully employed that can translate to companies – large & small – to reach audiences of all ages. As always, we want to hear from you! If you'd like more information on any of our challenger brand studies, or want to share a brand of your own, please reach out at info@seuratgroup.com.