



M. SCOTT CARPENTER

Marketing and Innovation Consultant, Formulated Solutions &
Founder of Carpenter Advisors, LLC

Generation Z: Transforming Consumer Healthcare

Driven by technology, Zoomers approach their healthcare in different and evolving ways than previous generations.

The pharmaceutical market is changing, and the next generation of spenders, called Gen Z, or Zoomers, will impact the future rise in over the counter (OTC) pharmaceuticals. According to Statista, revenue of the global OTC pharmaceutical market is expected to increase rapidly.¹ Projections call for sales of \$145.26 billion dollars in 2023 to an increase of \$179.42 billion in 2027.¹

Clearly, OTC pharma is big business. Despite having lower per-unit costs, OTC drugs often surpass prescription drugs in terms of annual sales.² Some of the most convenient OTC drugs come in easy to use and accessible packaging like topicals, gummies, aerosols, nasal solutions, or liquid/semi solids.

In fact, top sellers for pharmacists' choice for 2022 included gels, liquids, ointments, and other non-traditional OTC forms like "pops" for children.³ In a U.S. News article, Kim Castro, editor and chief content officer for the publication, said, "Since the pandemic began, more Americans are paying closer attention to their symptoms and looking for easily accessible information about over-the-counter medications especially for allergies, coughs, and headaches."³

It is this ease of use and convenience that will capture the dol-

lars of Gen Z. Astonishingly, "Gen-Z's buying power may exceed \$3 trillion," reports Bernhard Schroeder writing for Forbes. "Their spending ability exceeds the gross domestic product of all but about 25 of the world's countries."⁴ Like the Baby Boomers a few generations before them, they represent a surprising demographic force to be reckoned with—hence the nickname Zoomers. By 2020 Zoomers represented 40 percent of all consumers. "Now the largest age demographic, Gen Z stands 2.6 billion members strong. Globally, they hold purchasing power of more than \$500 billion," says Stacy Rapacon in an article written for The Garage.⁵

Like Millennials before them, Gen Z is concerned with holistic health and self-care, rather than a one size fits all pharmaceutical approach. They share a hesitancy for traditional health care models but with very interesting differences. By understanding these differences, the consumer health care industry can focus on agile and distinctive brands to harness Gen Z's tremendous purchasing power.

REACHING GLOBALLY DIVERSE GEN Z WITH TECHNOLOGY

As the first generation who's never lived without the internet,

Zoomers are digital natives. Technology is not optional. It is how they live. In her article Rapacon says, “For Generation Z, born between 1997 and 2012—seemingly with smartphones in hand—there is a twist. Instead of a key wave of technology defining a generation, this first generation of actual digital natives is redefining technology.”⁵

Life altering technology was born and grew up with them including Amazon, Google, Netflix, Facebook, YouTube, Twitter, Hulu, and Instagram.⁵ In an article written for Stanford News, author Melissa De Witte says, “the ‘norm’ they experienced as children was a world that operated at speed, scale, and scope. They developed an early facility with powerful digital tools that allowed them to be self-reliant as well as collaborative.”⁶ They sleep, eat, work—and do pretty much everything—with phones in hand.

Therefore, easily accessible information on OTC medications is the comfort zone of Gen Z. Because they grew up with technology as a norm, they use it to answer big questions. From online personality tests, to dating apps, the internet speaks to them in ways previous generations could never have imagined.

As digital natives, Gen Z can be more science and data driven and yet still find health advice on Youtube or TikTok. According to an article published by Harvard Pilgrim Healthcare, “Gen Z is the first generation to grow up surrounded by digital devices, and they expect their health benefits to be digital, too. From choosing a benefits package to finding a provider, Gen Z wants to take care of their health on their own terms. And that may just include video chatting with a doctor from the back of an Uber.”⁷

This highlights the importance of accuracy and trustworthy information because, as reported by Victoria Petrock for Insider Intelligence, “Gen Zers’ natural penchant for skepticism and frugality—coupled with low levels of confidence in the US health-care system—makes them less likely to trust providers, more likely to research prices before seeking care, and more apt to worry that their health insurance won’t cover their treatment.”⁸

Like Millennials before them, Gen Z redefines healthcare and what it means to be healthy. An article published by healthcare firm Abbott, says, “Millennials are less likely to have primary care providers and are more likely to use apps for scheduling, viewing medical records and paying bills. They are also more receptive telehealth visits than previous generations. Those same trends are likely to continue for Gen Z, the youngest generation to have grown up in a fully connected world.”⁹ Convenience is key.

Not only that, but technology has also expanded their world. De Witte reports that they have the added distinction of being the first global generation, “because they could learn about people and cultures around the globe from an early age, they developed a greater appreciation for diversity and the importance of finding their own unique identities.”⁶

Further, many of this generation consider their identity to be fluid and individualistic—which leaves no clear majority group.⁵ Notably, Rapacon says, “they support and embrace the individual, tossing aside definitive labels made standard by gen-

erations past and disregarding the status quo in many areas, from gender identification and sexual orientation to race and religion,” and, “a quarter of Gen Z expects their gender identity to change throughout their lives.”⁵

VEGAN, ORGANIC, AND SUSTAINABLE

In addition to caring about the planet, holistic self-care matters to Gen Z. Plant-based foods have a particular appeal. According to Schroeder, writing for Forbes, “Generation-Z, or those people born from about 1995-2007, are expected to be big consumers of specialty foods and are especially attuned to the impact of industrial farming and ‘big food’ in general on the food supply. Sixty-five percent of Gen-Z find plant-based foods appealing and 75 percent say they are cutting down on meat consumption.”⁴

Further, “Findings in the United States point to 79 percent of Gen-Z’s being ‘eager to go meatless’ a few times a week, with 60 percent happily reporting they’re ready to base their diets on more ‘plant-forward foods.’”⁴ Understandably, new products developed with cutting edge technology are entering the market to meet this need.

In addition, “Members of Gen-Z were born into foodie culture. They are keenly aware of how food impacts health and wellness, but their purchasing patterns reflect stark contrasts. They have the highest consumption rates of organic and non-GMO food and beverages, demanding authenticity, freshness and purity.”⁴

ZOOMERS AND MENTAL HEALTH

Even though Gen Z is less apt to rely on established institutions like their Millennial predecessors, there are significant differences. Zoomers are even more worried about their stress levels and mental health. Writing for the American Psychological Association, Sophie Bethune reports, “More than nine in 10 Gen Z adults (91 percent) said they have experienced at least one physical or emotional symptom because of stress, such as feeling depressed or sad (58 percent) or lacking interest, motivation or energy (55 percent). Only half of all Gen Zs feel like they do enough to manage their stress” (see Figure 1).¹⁰

SHIFTING ATTITUDES TOWARD OTC PRODUCTS

Interestingly, pill fatigue is a growing concern for some consumers. Yet, Gen Z is leading emerging trends in the consumer health care market. Writing for Drug Store News, Taffel Sturgeon says, “While traditional tablets and capsules have their appeal to a pharma, pill-based culture, a new generation of supplement takers is looking for expanded choices for their nutritional intake—blurring the lines between supplements, foods, beverages, and drugs.”¹¹

Due in part to this increasing pill fatigue, “Novel delivery formats show no sign of abating as a means of meeting modern consumers where they are.”¹¹ For example, topicals are one of the fast-moving categories. In fact, it is becoming increasingly obvious that topical forms are gaining ground as one of the preferred self-

care solutions for Gen Z. Evidence can be found in OTC sales data.

In 2018, the U.S. OTC market, a category in excess of \$250 billion in annual sales, grew a respectable 2%. However, during that same time, the OTC topicals market grew at three times that rate, making them the standout product form for the reporting period. Further, the Topical Analgesic category grew even faster, at a rate of more than 7% and chest rubs—brands such as Vicks and Mentholatum—grew a remarkable 20%.¹²

Another notable delivery form is gummies. Writing for The Wall Street Journal Magazine, Fiorella Valdesolo says, “An Allied Market Research report released last year projected that the global gummy vitamins market, which, in 2018, was at \$5.7 billion, would reach \$9.3 billion by 2026.”¹³ Convenience and taste are major points of appeal with Zoomers since, “Gummy vitamins are increasing in popularity, specifically with a younger demo, because they’re easy to take and they taste great.”¹³

Because they are foodies, Gen Z loves gummies for more than just vitamins. They may dial down a coffee high with melatonin gummies, for instance. In other words, Valdesolo says, “Gummies’ bright colors and fun flavors appeal to Gen Z. They tend to be positioned less as a boring supplement and more as an on-trend wellness accessory.”¹³

In addition, Sturgeon reports, “Potent products also include shots, which have moved far afield from energy shots. Urbl is a Canadian company that has built superfood shots with efficacious doses so much so that it has received Canadian regulatory approval for claims of adaptogen, stress relief and energy.”¹¹ These data points align very well with the growth of less invasive forms of self-care desired by this increasingly influential group of consumers.

DISRUPTION IN THE MARKETPLACE

Beyond “traditional” OTC brands, agile and distinctive brands seem to be the latest disruptors to the market and perhaps the growth model for the future. Rather than relying on scale and efficiencies, small-to-medium-sized brands are recognizing the power they have in creating authentic consumer-focused connections.¹²

For example, creator of Embody ingestible beauty supplements Jenn Chung says, “The key to ingestible beauty is consistency, which is why I felt it was so important to create a product that you’d never forget to take, because it was an enjoyable part of your day.”¹³ Notably, “Embody’s first product was a retinol gummy, conceived to address the signs of premature aging. It sold out in pre-orders before the official launch date.”¹³

As consumers increasingly adopt preferences for products that are considered healthy and natural, gone are the days of one-size-fits-all pharmaceuticals. The smaller brand has a unique power on shelves where retailers scramble to be the first to bring new, innovative brands to market. Notably, many of the infant-and children-focused brands being acquired by pharmaceutical companies are positioned as non-drug, natural or

organic with the latter two trends being identified by the Nicholas Hall Group as “Infinity Zones”—areas that have “potential for significant future growth” in the consumer health care industry.¹²

SUMMARY OF MARKETING TO GEN Z

As digital natives, Gen Z requires easy access to information in digital form. Marketing that is most impactful will find them where they live: TikTok, Youtube, and Instagram. SEO optimized websites will pull up accurate information to counteract the less trustworthy sources for Gen Z when they really want answers.

Further, according to Barna, Gen Z believes that, “the right beliefs are the ones that don’t hurt anybody.”¹⁴ Offering information without condemnation will be the best path forward because, “Gen Z as a whole are generally opposed to challenging others’ beliefs, likely driven by a desire to avoid offense or to acknowledge the value of other perspectives.”¹⁴ Marketing should be gender and racially sensitive to meet the fluid and emerging identities of this demographic.

Finally, Zoomers are interested in social responsibility and want to know they are making a difference. The whole picture of health matters to them, not just the body. Non-traditional OTC offerings for self-care that are easy, convenient, tasty, vegan, organic and sustainable will capture the attention of Gen Z. Particularly, product formats that are perceived as less invasive to the body—topicals, gummies, aerosols, or liquids—will continue to gain ground based on presenting data. **CP**

References

1. Mikulic M. Revenue of the global OTC pharmaceutical market from 2016 to 2027(in billion U.S. dollars). Statista. Published Jan 30, 2023. Accessed March 9, 2023. <https://www.statista.com/forecasts/1093274/otc-pharmaceuticals-market-worldwide-revenue>.
2. Stone K. List of best-selling over-the-counter (OTC) drugs. Verywellhealth. Published March 1, 2020. Accessed March 9, 2023. <https://www.verywellhealth.com/top-selling-otc-drugs-by-category-2663170>.
3. U.S. News Top Recommended Over-the-Counter Health Products Pharmacists’ No. 1 picks include CeraVe and Children’s Claritin. U.S. News and World Report. Published June 13, 2022. Accessed March 9, 2023. <https://www.usnews.com/info/blogs/press-room/articles/2022-06-13/usn-top-recommended-over-the-counter-health-products>.
4. Schroeder B. How generation z is creating the opportunity of a lifetime: pay attention as this is not a fad but a deep long-lasting trend. Forbes. Published September 13, 2019. Accessed March 9, 2023. <https://www.forbes.com/sites/bernhardschroeder/2019/09/13/how-generation-z-is-creating-the-opportunity-of-a-lifetime-pay-attention-as-this-is-not-a-fad-but-a-deep-long-lasting-trend/?sh=17a7187f2fb8>.
5. Rapacon S. How Gen Z is redefining their world through technology. HP: The Garage. Published July 11, 2019. Accessed March 9, 2023. <https://garage.hp.com/us/en/modern-life/generation-z-redefining-the-world.html>.
6. De Witte M. Gen z are not ‘coddled’: they are highly collaborative, self-reliant and pragmatic, according to new Stanford-affiliated re-

- search. *Stanford News*. Published January 3, 2022. Accessed March 9, 2023. <https://news.stanford.edu/2022/01/03/know-gen-z/>.
7. *Who is gen z and how are they shaping the future of health benefits?* Harvard Pilgrim Healthcare. Published December 23, 2019. Accessed March 9, 2023. <https://www.harvardpilgrim.org/hapiguide/the-zoomer-is-shaping-the-next-generation-of-health-benefits/>.
 8. *Petrock V. US generation z healthcare behaviors: what changed during the pandemic and what will stick.* *Insider Intelligence*. Published November 10, 2021. Accessed March 9, 2023. <https://www.insiderintelligence.com/content/us-generation-z-healthcare-behaviors>.
 9. *How gen z is affecting the healthcare industry: growing up tech-savvy means younger generations seek the same ease from their doctors that they get from their devices.* *Abbot*. Published November 19, 2019. Accessed March 9, 2023. <https://www.abbott.com/corpnewsroom/products-and-innovation/how-gen-z-is-affecting-healthcare.html>.
 10. *Bethune S. Gen z more likely to report mental health concerns.* *American Psychological Association*. Published January 2019, Vol 50, No. 1. Accessed March 9, 2023. <https://www.apa.org/monitor/2019/01/gen-z>
 11. *Sturgeon T. Delivering differently: pill fatigue drives delivery format.* *Drug Store News*. Published March 9, 2022. Accessed March 9, 2023. <https://www.drugstorenews.com/delivering-differently-pill-fatigue-drives-delivery-format-innovations>.
 12. *Carpenter S. Millennial trends & opportunities in consumer health care aerosols.* *Formulated Solutions*. Accessed March 9, 2023. <https://cdn2.hubspot.net/hubfs/5030225/Millennial%20Trends%20%26%20Opportunities%20in%20Consumer%20Healthcare%20Aerosols.pdf>.
 13. *Valdesolo F. Gummies: the only way gen z will take a vitamin?* *WSJ Magazine*. Published Jan. 6, 2021. Accessed March 9, 2023.
 14. *Gen z and morality: what teens believe (so far).* *Barna*. Published October 9, 2018. Accessed March 9, 2023. <https://www.barna.com/research/gen-z-morality/>.



SCOTT CARPENTER is a seasoned professional with 28 years of experience in the aerosol, CPG, food, and consumer healthcare industries. He has held leadership positions in multiple renowned organizations, including SC Johnson, Merck, Bayer Consumer Care, and Formulated Solutions. In addition to his corporate roles, Scott is the Founder and Principal Consultant of Carpenter Advisors, LLC. With a genuine passion for consumer ethnography, Scott dedicates himself to improving the consumer/patient experience. His diverse research areas encompass understanding the challenges faced by individuals with conditions like eczema and nail/foot fungus, as well as exploring topics such as topical pain relief, sun care, and the use of products like air fresheners, toilet care items, and household cleaners within the home. Scott's extensive expertise and diligent research have resulted in remarkable contributions to the industry, leading to the filing of over 30 U.S. patents.