

# Meet Generation Z: Shaping the future of shopping

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01

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Who are Gen Z?

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**G**eneration Z (or Gen Z) refers to the generation born between 1995 and 2009. According to Goldman Sachs, the group makes up around 18% of China’s population (around 251 million people).

A different environment and different era define today’s Gen Z. Compared with previous generations, especially in China, Gen Z has grown up in a more affluent period and they don’t know a world without the internet. They have landed in an unusually sweet spot and are true digital natives. Wealthier and better educated than their parents, Gen Zers are also less price-sensitive and more inclined to go for high-quality products.

Such an environment has significantly shaped their spending opinions and behaviours: open, bold, and more demanding. Thus, Gen Z will soon become the most important generation for the future of retail.



## 02

## Five broad characteristics of Gen Z

As the driving force of new consumer spending patterns, Gen Z features five broad characteristics:

**First, they seek convenience and enjoy being alone.** Most Gen Zers are the only child in their families. They somehow enjoy loneliness and like spending time on individual hobbies or with their pets. Their loneliness has become a strong driver of their consumer spending, catalysing the demand for and development of convenient food, such as self-heating hot pots.

**Second, they are passionate about sharing opinions and interactions.** Gen Zers are well educated. They are passionate about conducting research and sharing opinions about things they like. They are tech-savvy and connected online. On major social or video platforms, one can see many active users, bloggers, and commenters belonging to this group. The internet, however, is not their only domain. Gen Zers also enjoy meeting friends in the physical world, joining communities or participating in fashion activities.

**Third, they pursue green and healthy lifestyles.** This generation has never worried about money. Therefore, when making purchases, they are more conscious about social significance, individual well-being, their social environment, and sustainability. Compared with previous generations, Gen Zers value quality, shopping experiences, personality, and diversity.

They have a greater willingness to pay for content, but they are also more sceptical about the quality of what they are paying for.

**Fourth, they strive for individuality and uniqueness.** Gen Z consumes as an expression of their individual identity. They are a generation with higher standards for beauty and taste. They are fascinated about products that look nice and cool. They want to be different and refuse uniformity.

**Fifth, they live in a different consumption environment.** China's Gen Z experienced childhood during the fastest sustained expansion of a major economy in history and are consequently used to rapid improvements in their standard of living. They were born into a world that offers them more choices in shopping experiences.

## 03

## Why is the new consumption pattern outrunning the traditional one?

It is hard to accurately define the “new consumption pattern.” But failing to succinctly describe it does not hinder its advantages in winning over Gen Z consumers. Compared with traditional consumption patterns, the new one has four main advantages:

**A broader range of products.** With new consumer spending, you can buy virtual products or even merely an experience.

“Gen Zers value the integration of people and products. They think the experience of shopping is as important as the product itself.”

**Diverse ways of purchasing.** New consumer spending is an integration of the real and the virtual. For example, you can pay for online IP or virtual products, but you may also buy a products' derivatives in physical stores.

**Dazzling platforms.** Gen Zers shop via social platforms such as Xiaohongshu (Little Red Book), whose main users are young females, and HUPU, which is popular with Gen Z males. Both of these two platforms have over one million active monthly users. Gen Zers' money also goes to video games and e-sports like *Honor of Kings*. They pay for video content, too. Whether it is online TV platforms like iQIYI, Tencent, Youku, and Bilibili, or short video platforms such as Douyin or Kuaishou, Gen Z makes up over 60% of their audiences and consumers.

**Different shopping philosophies.** Gen Zers value the integration of people and products. They think the experience of shopping is as important as the product itself. Once they get interested in a product, they often become “collectors”. For example, they will not be content by only watching a trendy TV show, but will also buy many related products.

## 04

## The unique consumption logic of Gen Zers

### Limited-edition mania

While uniqueness defines Gen Zers' consumer behaviour, limited editions have become very popular amongst this group. They are willing to pursue limited products and experiences with great effort and expense.

### Diversity and sub-cultures

While Gen Zers want to be different and unique, they often form their own communities and sub-cultural groups based on their interests.

### Search for equality, independence, and individuality

Gen Z's characteristics are rooted in one element: the search for equality, independence, and individuality. Gen Zers value individual expression and don't like to follow the crowd. It is fine if what they have is not the best, as long as it is different.

Gen Z is the target consumer group of many companies and businesses worldwide, especially in China. China has 250 million Gen Zers who have grown up in affluent families as only children. They naturally enjoy all the resources provided by their parents and their grandparents. Therefore, they are less price-sensitive and have greater purchasing power. They represent a lucrative market that companies are eager to connect with.

## 05

## Three consumption trends brought by Gen Z

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There are three main implications that Gen Z brings to companies in the foreseeable future.

**Gen Z will drive consumption upgrades.** Gen Z has higher requirements for what they pay for, such as housing and decoration. They also expect to provide better living conditions and education to their descendants. Thus, the opportunities they represent are unimaginable.

In Gen Zers' world, the boundary between online and offline is blurred. The virtual world and the metaverse are two popular buzz words. The metaverse, an integration of the real and the virtual, is a mapping of real-world products onto the virtual world, such as consumer goods and experiences. It is very likely to become a field where Gen Z spend their money.

**Gen Zers buy things they like, rather than things which are popular.** Once engaged, Gen Z is also more brand loyal than other generations. For example, having experienced China's economic boom in the late-1990s and early-2000s, Gen Zers have a strong sense of national identity and are proud to support domestic brands. The phrase “Made in China” has become a signifier of quality and national pride.

Therefore, companies wishing to enter the Gen Z market have to understand the shopping philosophy of these young people and offer the products and experiences they like.

