The consumption behaviors of Generation Z: evidence from China

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Abstract. To explore the behavioral patterns of Gen Z consumers in China, this study synthesizes previous research on Gen Z consumption and identifies the lack of in-depth exploration within the Chinese context. Utilizing analytical methods, the paper further summarizes the characteristics of China during Gen Z's formative years, which subsequently influence the behavioral traits of the consumers born in that period. Specifically, Chinese Gen Z consumers exhibit five distinct behavioral characteristics: being Mobile-first and Tech-Savvy, acting as E-commerce Pioneers, being strongly influenced by Social Media, displaying a Quality-Conscious and Aspirational mindset, and expressing National Pride and Cultural Identity. The findings of this study hold significant implications for future marketing strategies targeting Gen Z, providing valuable insights for marketers to better understand and engage with this generation.

Keywords: Gen Z; consumption behaviors; China.

1. Introduction

Generation Z, often abbreviated as Gen Z, refers to the cohort of individuals born in the late 1990s to the early 2010s (Francis and Hoefel, 2018). They are also called zoomers, iGeneration or post-millennial generation. Gen Z grew up in a world where digital technology, the network, and social media were already prevalent. Different from millennials, Gen Z are considered to be the first true digital natives because millennials witnessed the rise of the internet, but Gen Z have grown up in a digital era characterized by rapid advancements in technology and widespread internet access. They are having been exposed to technology from an early age. Many country experienced rapid economic and technological development during this period. Especially in China, with the reform and opening up, China achieved sustained and rapid GDP growth, making it the world's second-largest economy by 2010. According to national statistics, China's total GDP in 2022 has reached 121.02 trillion Yuan. The information technology and internet industry flourished, there was a significant boom in e-commerce and mobile payments, led by giants like Alibaba, revolutionizing online shopping and providing Chinese consumers with convenience. The consumption behavior of Gen Z in China has changed from other generations. They are influenced by various factors, including their unique characteristics, technological advancements, and evolving social and economic landscapes.

Numerous studies have extensively explored the consumption behavior of Gen Z, making it a prominent and current topic of interest. For instance, Gutfreund (2016) suggests that Gen Z exhibits a more rational approach to consumption decisions, showing less brand loyalty and a preference for efficient and effective consumption experiences. Priporas et al. (2017) further emphasize that Gen Z pays greater attention to novel experiences brought about by new technologies. Indeed, Gen Z represents the forefront of the new generation of consumers, thus demanding focused attention from businesses and marketers in the future. As a testament to its significance, several journals have even launched special issues dedicated to the in-depth investigation of specific aspects of Gen Z’s consumption behavior. For example, a significant amount of research has focused on Gen Z’s consumption behaviors and patterns, with some journals dedicating special issues to this topic. For example, the Journal of Sustainable Tourism have published a special issue titled “Generation Z: The Sustainable Tourism Generation?” focusing the tourism behaviors of this generation, while the Young Consumers will also publish a special issue titled “Social Media, Cyberbullying and Gen Z” with a deadline of July 01, 2023. Understanding the distinctive consumption characteristics of Gen Z
is crucial for businesses aiming to engage this dynamic consumer group effectively. By staying attuned to the evolving trends and preferences of Gen Z, enterprises can strategize and tailor their marketing efforts to resonate with this influential demographic and maintain a competitive edge in the ever-changing consumer landscape.

However, a comprehensive literature review revealed that existing research primarily revolves around Western consumer environments, with limited exploration of the consumption characteristics of Gen Z in the Chinese context. In fact, unlike Western countries, China's Gen Z has experienced rapid economic growth during their formative years, leading to distinct differences in their consumption decisions compared to Western consumers. Furthermore, previous studies have focused solely on specific aspects of consumption behavior. Thus, the present study aims to fill this gap by integrating and summarizing the overall consumption characteristics and patterns of Gen Z in China, providing valuable insights to complement the existing consumer behavior literature. By delving into the unique consumption traits of Chinese Gen Z, we can gain a deeper understanding of their distinct consumer behavior and preferences, which have been shaped by China's unique economic and cultural landscape. This research not only expands the scope of consumer behavior studies but also contributes to a more nuanced understanding of the emerging consumer generation in the Chinese market. By focusing on this untapped area, we can identify potential opportunities and challenges for businesses aiming to engage with and cater to the diverse needs of Chinese Gen Z consumers.

2. Literature Review

2.1 Generation Z

Generation Z is characterized by its unique upbringing in the digital age, where technology has become an integral part of their lives since birth. As a result, Gen Z is known for its tech-savviness, adaptability to rapid technological advancements, and strong reliance on social media platforms for communication and information sharing. Moreover, Gen Z is recognized for its multicultural and diverse outlook, with a strong emphasis on inclusivity and social justice issues. They are known for their entrepreneurial spirit, innovative thinking, and willingness to challenge traditional norms. Gen Z's consumption patterns and behavior have been subjects of extensive research due to their growing influence in the global market (Gutierrez, 2020; Fernandes, 2021). Understanding the defining characteristics of Gen Z is essential for businesses and marketers to effectively engage with this generation and meet their evolving preferences and needs. This paper argues that there are some differences between gen Z and other eras, summarized in Table 1.

<table>
<thead>
<tr>
<th>Generation</th>
<th>Born years</th>
<th>Characteristics</th>
</tr>
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<tbody>
<tr>
<td>Baby boomer</td>
<td>1946-1964</td>
<td>Grew up during post-World War II economic boom; Tend to be more traditional and value stability; Prefer face-to-face communication; Known for their strong work ethic and loyalty</td>
</tr>
<tr>
<td>Gen X</td>
<td>1965-1980</td>
<td>Witnessed rapid technological advancements; Embrace individualism and work-life balance; More open to technology but less reliant on it; Value personal growth and self-sufficiency</td>
</tr>
<tr>
<td>Gen Y</td>
<td>1981-1996</td>
<td>Grew up in the digital era and internet revolution; Embrace diversity and value work flexibility; Highly connected through social media and technology; Seek experiences over material possessions;</td>
</tr>
<tr>
<td>Gen Z</td>
<td>1997-2012</td>
<td>Entirely digital natives with smartphones and gadgets; Embrace diversity and advocate for social causes; Prevalent use of social media for communication</td>
</tr>
</tbody>
</table>
2.2 The consumer behaviors of Gen Z

One prominent feature of Gen Z's consumer behavior is their strong reliance on technology and digital platforms. Research by McKinsey (2020) highlights that Gen Z is entirely digital native, having grown up with smartphones, social media, and internet access from an early age. As a result, they are highly adept at using technology for various aspects of their lives, including shopping and decision-making processes. This digital fluency translates into a preference for seamless online shopping experiences, quick delivery options, and personalized content. In addition to their digital prowess, Gen Z is known for its emphasis on authenticity and social values. Another report by IBM (2020) states that this generation values transparency and authenticity from brands, and they are more likely to support companies that align with their social and environmental beliefs. Brands that demonstrate a genuine commitment to sustainability, diversity, and social responsibility are likely to attract and retain Gen Z consumers.

Furthermore, Gen Z's spending behavior is shaped by a desire for experiences over material possessions. According to a study by The Harris Poll (2019), Gen Z is more inclined to spend on experiences such as travel, concerts, and dining out rather than on buying physical goods. This preference for experiences is driven by their desire for unique and memorable interactions. Another significant aspect of Gen Z's consumer behavior is their love for personalization. A report by Deloitte (2019) reveals that Gen Z consumers expect personalized shopping experiences, where brands cater to their individual tastes and preferences. Gen Z consumers are receptive to targeted advertisements and personalized product recommendations, contributing to higher engagement and brand loyalty.

Gen Z's shopping decisions are heavily influenced by peer recommendations and online reviews. According to Nielsen (2020), they are more likely to rely on user-generated content and influencer recommendations when considering a purchase. Social media platforms like Instagram and YouTube play a crucial role in shaping their opinions about products and brands. Additionally, Gen Z's shopping journey is characterized by their omnichannel behavior. They seamlessly transition between various channels, including physical stores, social media platforms, and online marketplaces, as they research, compare prices, and make purchases. A report by Accenture (2020) emphasizes the importance of providing a seamless and integrated shopping experience across multiple touchpoints to cater to Gen Z's preferences.

In conclusion, Gen Z's consumer behaviors are influenced by their digital nativism, desire for authentic and socially responsible brands, preference for experiences, love for personalization, reliance on peer recommendations and online reviews, and omnichannel shopping patterns. As this generation continues to grow and gain purchasing power, businesses and marketers must adapt their strategies to meet the unique preferences and values of this dynamic and influential consumer segment.

2.3 The comments

Through previous research, it can be observed that most scholars have focused their studies solely on specific aspects of Western consumers, neglecting to fully integrate and consider the unique environment of Chinese consumers. During the period when Gen Z was born, China's economy experienced remarkable growth, with the GDP increasing from 7.97 trillion yuan in 1997 to 53.86 trillion yuan in 2012. Accompanying this economic growth was a massive urbanization and digitization wave in China, which profoundly transformed consumer behaviors. Therefore, this paper aims to analyze the general characteristics of Chinese Gen Z consumers, taking into account the significant changes brought about by China's economic and societal developments.
3. The consumption behaviors of Gen Z in China

3.1 The background

Gen Z has come of age during a period of significant transformation and rapid economic growth in the country, making their experiences distinctively Chinese. China's economic reform and opening-up policy, initiated in the late 1970s, set the stage for unprecedented development and urbanization. Gen Z grew up amidst a booming economy, witnessing China's ascent to become one of the world's largest economies.

One defining characteristic of Gen Z's growth years in China is the digital revolution and the widespread adoption of technology. With the proliferation of the internet and mobile devices, this generation has been at the forefront of embracing digital platforms for communication, entertainment, and information consumption. The rise of homegrown tech giants like Alibaba, Tencent, and ByteDance has shaped their consumption habits and social interactions, giving rise to unique patterns of behavior and preferences.

China's one-child policy, which was relaxed in the early 2000s and eventually abolished in 2015, has also had a profound impact on Gen Z's upbringing. Being the sole focus of their families, many Gen Z individuals have grown up in a relatively privileged environment with high expectations from their parents and society. This has led to the emergence of a generation often referred to as "little emperors" and "little princesses," characterized by higher levels of self-confidence, assertiveness, and individuality.

Another noteworthy aspect of Gen Z's growth in China is their exposure to a rapidly changing social landscape and global culture. As China became more integrated with the world, this generation has had access to a wealth of foreign cultural influences through media, entertainment, and travel. The internet has allowed them to connect with global trends and ideas, fostering a cosmopolitan mindset and an openness to diverse perspectives.

3.2 The characteristics

Based on the above discussion, this paper summarizes the following characteristics of Chinese Gen Z consumers:

Mobile-first and Tech-Savvy: Chinese Gen Z consumers are highly reliant on mobile devices for various activities, including shopping, entertainment, and social interactions. They are early adopters of new technologies and embrace innovative mobile apps and platforms. For instance, mobile payment services like Alipay and WeChat Pay are widely used among this generation, even for small transactions like buying street food or paying utility bills.

E-commerce Pioneers: This generation has witnessed the explosive growth of e-commerce in China and has fully embraced online shopping as a way of life. China is the fastest growing e-commerce country in the world. Chinese Gen Z consumers are comfortable making purchases on various e-commerce platforms, such as Taobao, JD.com, and Pinduoduo. They appreciate the convenience, vast product selection, and personalized shopping experiences offered by these platforms.

Social Media Influenced: Social media plays a central role in the lives of Chinese Gen Z consumers. They actively engage with platforms like WeChat, Weibo, and Douyin (the Chinese version of TikTok) to connect with friends, follow influencers, and discover new trends. Brands often leverage key opinion leaders (KOLs) and live-streaming to target this tech-savvy audience and drive sales.

Quality-Conscious and Aspirational: Chinese Gen Z consumers prioritize quality and authenticity in their purchasing decisions. They are willing to pay a premium for products that are perceived to be of higher quality and align with their values. Brands that emphasize sustainable practices, social responsibility, and unique experiences can resonate well with this generation. For example, they value products with genuine origin stories or those associated with well-known celebrities.

National Pride and Cultural Identity: Chinese Gen Z consumers take pride in their country's rich cultural heritage and are receptive to brands that showcase Chinese culture in a modern context.
Especially since Secretariat Xi took office, young people are becoming more confident in Chinese culture. Brands that celebrate traditional festivals, incorporate Chinese elements in design, or highlight local craftsmanship can forge a deeper emotional connection with this generation.

4. Summary

This paper provides a summary and review of the defining characteristics of Gen Z and compares the differences between Gen Z and other generations. Furthermore, it highlights the distinct characteristics of Chinese Gen Z and subsequently examines their values, behaviors, and consumption patterns. From a unique perspective, this study investigates Gen Z within the context of Chinese consumers, filling research gaps and offering empirical evidence to effectively guide Gen Z consumers for businesses.

References