

Six Gen Z Consumer Insights in China for Retail Brands

Empowering Retail Businesses to Target
Brand Marketing at Gen Z

1 ARE THE GEN Z RETAIL CONSUMERS THE SAME ACROSS DIFFERENT TIER CITIES IN CHINA?

Most of The Orangeblowfish projects are focused on major cities in China, rather than rural locales. In terms of market dynamics, in general, and not particular to Gen Z, the different city tiers have to be factored in. However, if the aim is looking at Gen Z consumer behaviour, and reaching this market, then the geographical target is going to be big cities. According to a China Trading Desk report, 56% of Gen Zers live in Tier 1 and 2 cities in China. As a comparison, this means that they are 22% more likely to live in these urbanised tiers than Gen X.

2 WHAT ARE THE DEMOGRAPHICS OF GEN X, MILLENNIALS, AND GEN Z IN CHINA?

Demographics are important, but they do not tell the full story. There are so many moving parts when it comes to understanding consumer behaviour by generation. One vital element that has to be considered regarding Gen Z is disposable income. Certainly, in many countries in Asia, Gen Z is outstripping older generations in terms of purchasing power potential. According to official sources, Gen Z, aged over 18, makes up 17% of the population in China, with 22% millennials, and 23% Gen X.

In China, Gen X and millennials are still leading the spending. However, Gen Z is a rising consumer group. Intergenerational wealth is expected to reach USD 3 trillion in the next 10 years.



3 WHAT ARE EXPERIENTIAL MARKETING CAMPAIGNS? HOW DO YOU MEASURE THEIR SUCCESS?

E-commerce is becoming multi-dimensional as it branches out into new sales avenues. There are so many more ways for consumers to make purchases online and these are expanding in volume, accessibility, and direction. As brands plunge themselves into online sales arenas, they are also leaning into offline campaigns that connect with consumers through experiences. This allows consumers an opportunity to connect with, relate to, and explore brand messaging, and of course products up close in the physical world; providing Gen Z marketing insights.

However, the purpose of these campaigns is not to lead to direct sales in the moment necessarily. Instead, businesses need to consider how long consumers interact with a brand. How a campaign impacts in immediate future may differ from a longer perspective of performance. Events can be more about lead generation than purchasing. Given the power of social media, an experiential campaign can be measured by the digital depths and channels it penetrates, and how far and wide the online reach is.



4 IF WE FOCUS ON GEN Z, HOW DO WE CUSTOMISE CAMPAIGNS TO OTHER MARKETS?

There is a temptation by businesses, to see each generation as somehow sectioned off. That is because they are separated when they are analysed. However, a young Gen Y consumer may find they have a lot more in common with an older Gen Z consumer than those within the same generational demographic. These degrees of difference and commonality between Generation Z consumer behaviour and other generations can be subtle. What has had a huge impact is greater digitalisation. In China, there has also been increased globalisation as online platforms close the gaps between Chinese consumers and those in other geographical locations. What this means, is that many of these influences are experienced by other generations, too. For example, the idea of experiential brand storytelling might be Gen Z-generated. However, it is also relevant within other markets.

Working alongside this continuum from baby boomers up to Gen Z, which make up 80% of China's population, are other factors. Consumer behaviour and expectations evolve as markets change due to tech developments and innovation.



5 HOW DO GEN Z AND MILLENNIAL RETAIL SPENDING STYLES DIFFER?

According to Statista, by November 2021, 18.8% of traditional e-commerce users in China were Gen Z, compared to 38% who were Gen Y consumers. This changes when it comes to live commerce. This is whereby purchases are made during livestreams. This is a massively evolving area of e-commerce and Gen Z purchasing habits are at the core of this right now. These consumers, within the same period, made up 33.8% of this market. This compares to 31.2% being Gen Y.

In China, according to a McKinsey report, transactions valuing USD 7.5 billion were generated within a 30-minute window on Taobao Live in 2020. The event was a presale for Singles' Day from Alibaba.



6 WHAT'S THE DIFFERENCE BETWEEN MILLENNIAL AND GEN Z RETAIL SPENDING HABITS?

There are differences in the buying habits of Gen Z as one group, as well as in comparison to other generations. This is a huge topic in itself. McKinsey highlights a few. Gen Z spends more time on social media on their mobile devices than Gen Y. A third of Gen Z spends more than six hours connected compared with 22% of Gen X. Social media video content has a far bigger impact on Gen Z consumers than Gen Y.

Gen Z is more interested in brands with an element of personalisation that makes them stand out compared to millennials. Gen Z is around a fifth more likely to try new brands than Gen Y, and this is because these consumers do not have the same attachment to brand loyalty.

What these generations have in common is that they are, in the main, both willing to pay more for higher quality and they are interested in sustainability.

References

Question 1:

[Know City Tier Before Penetrating Chinese market](#)

[Ambitious, Educated, Liberated, Lonely, Lethargic: Meet China's Cosmopolitan, Childless and Contradictory Zoomers](#)

Question 2:

[Why businesses need to think about how they target the generation gap in China](#)

[China's Gen Zers to sway marketing, retail trends as they become major force driving domestic consumption](#)

Question 3:

[3 Concrete Ways to Measure Experiential Effectiveness](#)

Question 5:

[Distribution of traditional e-commerce and live commerce users in China as of November 2021, by generation](#)

[How live commerce is transforming the shopping experience](#)

Question 6:

[Distribution of traditional e-commerce and live commerce users in China as of November 2021, by generation](#)

A note on sources

As well as presenting *The Orangeblowfish* experiences and opinions, our researchers mine and collate information from media, professional reports, and credible sources. *The Orangeblowfish* creates an innovative and unique response to these insights through creative branding solutions.


About The Orangeblowfish

The Orangeblowfish is an award-winning creative agency with its headquarters in Shanghai, and teams in the United Kingdom, North America, and Australia. Our vision is to create experiences that connect and enrich people's lives. Our mission is to unleash the power of creativity by leveraging art, storytelling, space, and technology to help our clients' brands, employees, and communities reach their full potential. Our belief is that creativity has no boundaries. We partner with Fortune 500 companies and local brands to produce uniquely crafted creative branding strategies, customized brand installations, brand experiences, digital marketing campaigns, and more. For more information, visit www.theorangeblowfish.com.

About Natalie Lowe

- CEO & Founding Partner of The Orangeblowfish.
- Crafts immersive brand-led experiences for leading local and international brands.
- TEDx Speaker on business insights, creativity, and leadership.
- Chair for the Creative Industries and Marketing Committee for The British Chamber of Commerce, Shanghai; a Member of Forbes Business Council; and Board Advisor to The University of New South Wales Business School Alumni.

Get in touch with Natalie Lowe for a consultation or speaking engagement:

 contact@theorangeblowfish.com

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