

Retail Practice

Asia's Generation Z comes of age

The youngest generation of Asian consumers is becoming a force.

by Thomas Rüdiger Smith and Naomi Yamakawa



Is business ready for Generation Z? Defined as people born between 1996 and 2012, Gen Zers are already earning real money—and spending it. Moreover, they are growing more prominent demographically: by 2025, Gen Zers will constitute the same share of Asia’s population (25 percent) as millennials (born 1980 to 1995) will.

To understand Generation Z better, we surveyed 16,000 consumers across six countries—Australia, China, Indonesia, Japan, South Korea, and Thailand. We surveyed three generations: Generation Z, millennials, and Generation X (born 1965 to 1979). On the basis of this research, we found that Gen Zers and millennials have many similarities in the ways they think and shop. In both cohorts, for example, customization is becoming an expectation, not a nice-to-have option.

But there are differences between the groups, too, particularly in their digital behaviors. Gen Zers are digital natives; they have grown up with instant access to all kinds of information. And they stay connected: a third spend six hours or more a day

on their phones, compared with only 22 percent of millennials. Gen Zers also spend more time on social media than does any other age cohort in Asia, and they are more careful about how they use it: 36 percent of Generation Z respondents say they “carefully curate” their online presence, compared with 31 percent of millennials. Gen Zers are also more likely to follow their favorite brands and to use social-media- and video-based platforms when making fashion decisions.

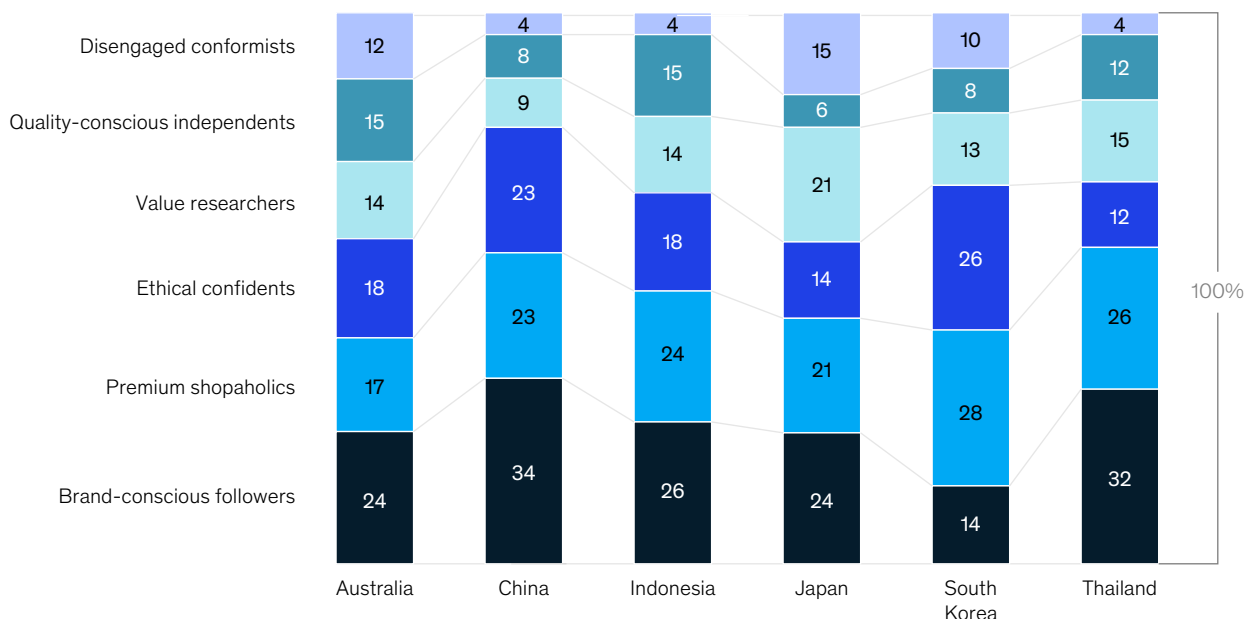
Perhaps because Gen Zers are still very young, some of their attitudes appear contradictory. For example, they like personalization, but only about a third are willing to provide the kind of data needed to deliver it. They say they prefer ethical products, but only a minority are willing to pay more for them.

These are, of course, very broad generalizations, and we recognize that there are substantive differences within the cohort. Even so, we were able to identify six Generation Z segments common to all six countries surveyed (exhibit).

Exhibit

Brand-conscious followers, premium shopaholics, and ethical confidants are the largest segments among Asia’s Gen Z.

Customer segments, % of respondents



Note: Figures may not sum to 100%, because of rounding.

Source: McKinsey APAC Gen Z Survey, October 2019

Three are particularly important:

- **Brand-conscious followers**, who represent about a quarter of Gen Zers surveyed, keep a close eye on trends and then buy (usually online) the brands that are trending. They like to mix and match to create a personal style and tend not to be loyal to particular brands.
- **Premium shopaholics** are spontaneous. They love to shop, and they enjoy every part the process—researching, comparing, touching, visiting, and clicking. They are brand loyal and trade up to pricier brands when they can afford to do so.

- **Ethical “confidants”** visit physical stores more than the other segments do. They like brands that speak to their values, and they don’t care as much about trends or prestige. They prefer brands that they perceive as environmentally responsible and socially ethical.

To reach this rising generation, businesses need to understand it. Well informed and accustomed to a fast pace of change, Gen Zers won’t make that easy.

See our full report on Generation Z in Asia, forthcoming on [McKinsey.com](https://www.mckinsey.com). Our report is part of McKinsey’s larger body of work on Generation Z; watch out for publications from our colleagues around the world as well.

Thomas Rüdiger Smith is an associate partner in McKinsey’s Sydney office, and **Naomi Yamakawa** is a partner in the Tokyo office.

The authors wish to thank Yoshitaka Beppu, Resil Das, Matthieu Francois, Jina Hong, Tunnee Simburimsit, and Jia Zhou for their contributions to the report on which this article is based.

Copyright © 2020 McKinsey & Company. All rights reserved.