NIQ

THE MISREAD GENERATION

Decoding China's Gen Y:
Consumer Portrait, Psychology
& Emerging Trends

Prepared for: European Chamber of Commerce in China
NIQ Insight | 2025

KEY TOPICS

What does it mean when the richest generation refuses to spend?

WEALTHIEST GENERATION

$90T

Expected wealth transfer to Gen Y (US market alone)

NIQ × World Data Lab, 2025

MOST PESSIMISTIC SPENDERS

#1

Low-income Tier 1–2 city Millennials ranked most pessimistic consumer group

McKinsey China, 2025

SAVINGS SURGE

RMB 163T

Total household deposits in China H1 2025 — record high

McKinsey / PBOC, 2025

THESIS: China's Gen Y is not pessimistic — they are precise. They are not afraid of spending. They are waiting for a reason they believe in.

Who Are They? China's First Generation of Singletons

- **Born 1981–1996 —** China's first One-Child Policy generation — one child, six adults
- **~400 million strong —** Larger than the entire European Union population
- **Sandwich generation —** Simultaneously raising children & caring for aging parents
- **First globalised cohort —** First Chinese generation broadly exposed to global ideas & brands
- **Labelled, then vindicated —** Called 'little emperors' — then proved their grit in the 2008 Wenchuan earthquake relief efforts

THE 4-2-1 FAMILY STRUCTURE

4 Grandparents

2 Parents

1 Child — Gen Y

Reverse: supports all

1980s: Born	1990s: Economic boom childhood	2000s: University + globalisation	2010s: Career + family	2020s: Peak sandwich pressure

The Inevitable Market Takeover

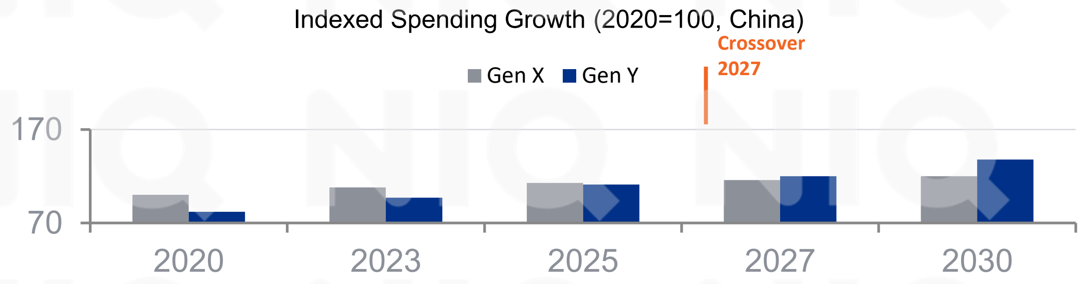
NIQ data confirms Gen Y will dominate China's consumer market by 2027

2027
Year Gen Y spending overtakes Gen X in China
NIQ × World Data Lab

2015
Year Gen Y & Gen X first reached spending parity in China
NIQ analysis

$90T
Wealth transfer to Gen Y from Boomers (US market alone)
NIQ × World Data Lab, 2025

37%
Of global Gen X population was born in China
NIQ The X Factor, 2025

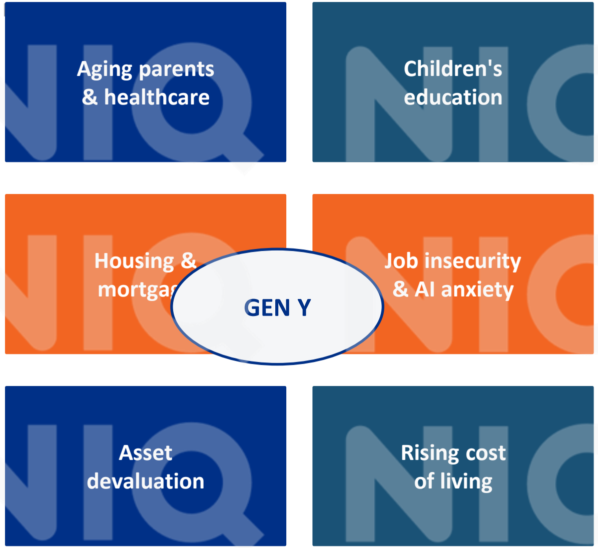


Why This Matters for European Brands

If you are not building a Gen Y strategy for China today, you are already two years late.

The Burden They Carry: China's Sandwich Generation

- Mortgage pressure, car loans, children's education costs — all at once
- 50%+ of Gen Y in the Yangtze Delta region rely on parents for childcare
- ~50% say they personally shoulder their parents' retirement care
- A further 40% say they expect to be actively involved in parental care
- Helicopter parents: some parents develop 'sacrifice narrative' and intervene in adult children's lives
- Silent battle: Gen Y wants 'let go'; parents expect 'obedience as filial piety'



> *"They were raised as Little Emperors — but grew up to carry an empire on their shoulders."*
>
> NIQ China Gen Y Portrait |

NIQ

Three Paradoxes That Define Gen Y's Mind

01

PARADOX ONE

Wealthy · Yet Fear Spending

- RMB 163T household deposits in China — record savings (PBOC, 2025)
- 36% report job anxiety; 48% see job market as 'challenging'
- 46% of Gen Y globally feel financially insecure (Deloitte 2025)
- Real-estate asset depreciation suppressing consumption intent

02

PARADOX TWO

Pragmatic · Yet Willing to Indulge

- More open to new products than Gen X; willing to pay a premium to try first
- Health investment is front-loaded: vitamins, supplements, wellness >65%
- Occasional splurge as self-reward — 'treat yourself' mindset is real
- 'Will this still feel smart in 6 months?' is their key purchase filter

03

PARADOX THREE

Global · Yet Proudly Local

- China's first generation exposed broadly to Western brands & ideas
- Yet key drivers of Guochao (国潮): cultural storytelling + craft + modern design
- 'Luxury shame' (奢耻): prefer understated, high-value over ostentatious logos
- Luxury definition shift: from 'being seen' → to 'making the right choice'

"Gen Y doesn't have a spending problem. They have a trust problem. They are waiting — not for permission to spend — but for a brand they believe in."

Health Anxiety is a Purchase Driver

Gen Y front-loads health spending — it is an investment, not a discretionary expense

65%+
Gen Y use vitamins & nutritional supplements
vs significantly lower for Gen X | NIQ 2025

31%+
Gen Y open to anti-obesity drugs (e.g. Ozempic/GLP-1)
vs Gen X | NIQ Global 2025

+10-12%
Health & wellness spending growth YoY
China 2025 | McKinsey

57%
APAC consumers seeking stress-management products
NIQ APAC Mid-Year Outlook 2024

TRENDING HEALTH CATEGORIES AMONG GEN Y (China + APAC)

New Chinese Wellness (新中式养生)

Herbal dietary therapy, meridian massage, acupuncture — ancient methods meeting modern demand

Outdoor & Mountain Social (山系社交)

Hiking, camping — physical wellness meets mental recovery and social connection

Smart Wearables & Bio-monitoring

Smartwatches with galvanic skin response, health apps — quantifying wellness daily

Functional Food & Beverages

High-protein, probiotic, gut-health products surging across urban Gen Y

China's Digital Ecosystem: There is No Equivalent in Europe

Social, commerce, and payment are fully merged — not parallel channels

CHINA'S SUPER-APP ECOSYSTEM vs EUROPE'S FRAGMENTED DIGITAL LANDSCAPE

CHINA — Integrated Super-Apps	EUROPE — Fragmented Channels
~90% of consumers across ALL age groups on Douyin + WeChat (McKinsey 2025)	**Separate apps** Social, commerce, payment on distinct platforms
110 min average daily Douyin usage; 60% of users aged 18–35	**Mixed digital** Social media ≠ shopping channel for most consumers
81% of Chinese consumers have purchased via livestream	**In-store still dominant** Physical retail drives majority of CPG purchases
70%+ of Gen Y first discover new brands on social media — not in stores	**Influencer role** KOLs exist but conversion is indirect & slower
40% willing to use AI-driven shopping recommendations (NIQ 2025)	**Livestream commerce** Still nascent — Gen Z adoption just beginning

KEY IMPLICATION FOR EUROPEAN BRANDS: Your WeChat / Douyin presence matters more than your physical store. Enter through digital first — or don't enter at all.

Guochao 2.0: Cultural Pride is Reshaping Brand Loyalty

- Guochao (国潮) = 'National Wave' — preference for domestic brands fusing cultural storytelling, craftsmanship & modern design
- Guochao 2.0 is more sophisticated: it is not nationalism — it is cultural identity expressed through consumption
- Top 100 Chinese brands grew brand value 265% since 2014, now worth $1+ trillion (BrandZ)
- 'Luxury shame' (奢耻): Gen Y avoids ostentatious logos — prefers understated quality with cultural depth
- Secondary luxury market: +30% annual growth since 2020 — projected to exceed $30B by 2025

BRAND POSITIONING MATRIX (Gen Y China)

	← Less Localised	More Localised →
↑ Premium	**WIN ZONE** Heritage + Localised story	**RISK ZONE** Status logo, no cultural voice
↓ Mass	**GROWTH PATH** Quality + sustainability play	**LOSE ZONE** Generic foreign premium

> *"Luxury in China is no longer about being seen. For millennials, it is about making smart, meaningful choices that align with cultural pride."*
> Ashley Dudarenok, Millennials Buying Behavior, December 2025

Sustainability: Eco Values Meet Practical Value

For Gen Y, sustainability and cost-efficiency are the same decision

63%
Gen Y willing to pay a premium for sustainable products
Deloitte Global Survey, 2024

70%
Consumers will buy sustainable energy-efficient products at fair price
NIQ Tech & Durables 2025

40.9%
New Energy Vehicles' share of new car sales in China, 2024
Ashley Dudarenok, 2025

+10%
Gen Y / Gen Z more likely to switch brands for sustainability
vs Gen X | NIQ X Factor 2025

TOP SUSTAINABILITY PURCHASE TRIGGERS (Gen Y China)

Durability
'Buy once, buy right' — longevity justifies premium price, reduces regret risk

Energy Efficiency
Long-term cost saving aligned with financial caution and green values

Sustainable Materials
Perceived as safer, healthier — links to their health anxiety driver

Brand Transparency
Supply chain clarity and verified eco-claims — not marketing language

Five Engines Powering Gen Y Spending

What moves them to buy is not a discount — it is a story, a feeling, and a reason they believe in

01

Health-First Investment

Front-loaded wellness spending

02

Digital-Native Commerce

Social → Discovery → Instant purchase

03

Cultural Pride (Guochao)

Heritage × craft × modern design

04

Sustainability Premium

Eco + durability + value = same decision

05

AI Adoption + Anxiety

Tech embrace with job-security worry

"What moves Gen Y to spend is not a discount — it is a story. Not a feature — but a feeling of making the right choice."

Six Trends Reshaping China's Consumer Market 2025–2030

+12%

Health Economy Boom

+10–12% YoY growth. Supplements, wearables, functional food, mental wellness services

200M+

Pet Economy Rise

200M+ pets by 2025; 88% owners female, half Gen Y. Premium food, healthcare, accessories

+15%

Experience Over Things

Domestic travel +15%, dining & entertainment surging — intangible joy replaces material goods

+55%

Smart Durable Goods

Robot vacuums +55%, high-storage smartphones +33%, AI-powered home appliances booming

$30B+

Rational Luxury & Resale

Pre-owned luxury market $30B+ by 2025; 'luxury shame' drives quiet, quality-first choices

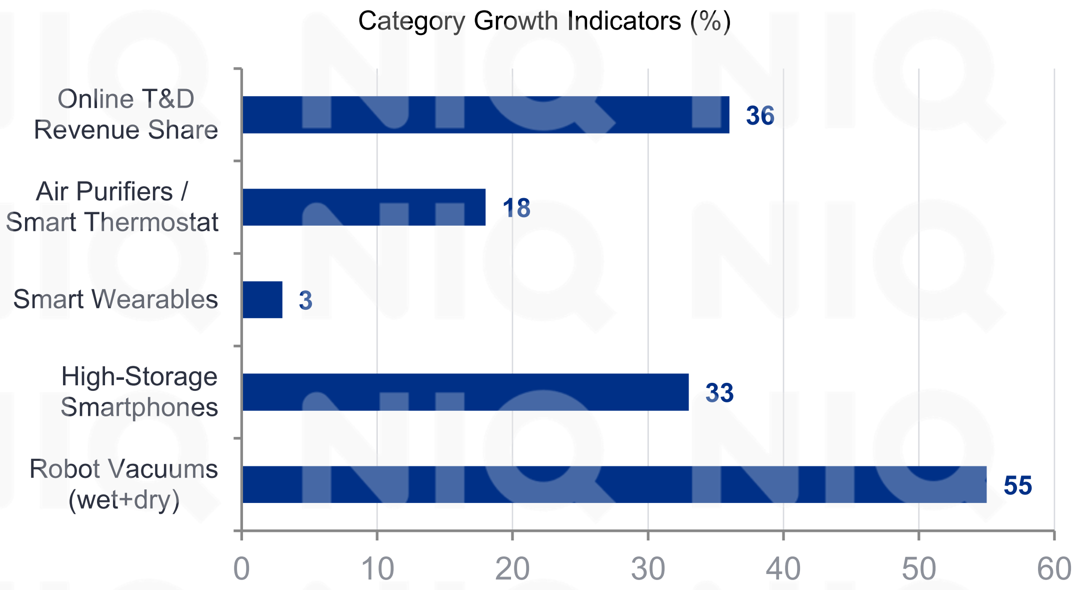
↑ Fast

Digital Nomad Lifestyles

Outdoor gear, co-working, wellness travel — 'mountain social' & 'digital nomad' reshaping categories

Tech & Durables: Where Gen Y is Actively Spending Now

Convenience, health integration, AI, and sustainability drive category winners



40% Consumers willing to use AI-driven product recommendations in daily shopping

1 in 3 Gen Y / Gen Z interested in AR-assisted shopping experiences

67% Likely to try a new product if it is affordably priced (price + innovation = growth lever)

Sources: NIQ State of Tech & Durables 2025

Know the Difference Before You Enter the Room

DIMENSION	CHINA GEN Y	EUROPEAN MILLENNIALS
Economic outlook	**Grew up in China's boom; caution from current pressure**	Cautious from 2008 financial crisis trauma
Brand loyalty	**Low — trend-driven, platform-driven, KOC-influenced**	Moderate — value-based, sustainability-anchored
Digital commerce	**Fully integrated: social = commerce = payment**	Fragmented: separate social / shopping / payment
Status signalling	**Shifting from overt to cultural and meaningful**	Declining — sustainability > status
Sustainability	**Growing — linked to quality & health, not ideology**	Primary purchase driver, values-based
Trust mechanism	**Peer KOC reviews, livestream demos, platform ratings**	Expert reviews, certifications, press
Payment behaviour	**Cashless by default; BNPL at 40% (McKinsey 2025)**	Mixed; digital payment growing but not default

Three Imperatives for European Brands Entering Gen Y China

1

Digital First — Always

Your WeChat / Douyin / Xiaohongshu presence is more important than your physical store. 90% of Chinese consumers use these platforms. Build your discovery funnel there — or you simply don't exist for Gen Y.

→ Action: Launch on Xiaohongshu (RED) for discovery. WeChat for CRM. Douyin for conversion via livestream.

2

Localise the Story — Not Just the Label

Gen Y respects European heritage, craftsmanship, and quality. But only when translated into their cultural language. 'Made in Germany' is not enough. 'Crafted with 150 years of precision — for your family's future' is.

→ Action: Partner with credible KOCs (micro-influencers), not just celebrities. Build a community around shared values.

3

Prove the Value — Before and After Purchase

Gen Y asks: 'Will this still feel smart in 6 months?' Durability, warranty clarity, after-sales support, and real user reviews matter enormously. Your brand promise must survive the KOC review ecosystem.

→ Action: Invest in after-sales service excellence. Enable user-generated content. Show lifecycle value, not just launch price.

"The money is there. The desire is there. Gen Y is waiting for a brand that truly sees them — not as a segment, but as a generation."

THE FINAL INSIGHT

Understanding Gen Y is not about understanding a consumer segment.

It is about understanding a nation's self-reinvention in real time.

The most powerful consumer insight is not about what people buy.
It is about what they believe in when they buy.

Thank you

5 THINGS TO REMEMBER

1. Gen Y is China's next dominant consumer force — the handover happens by 2027
2. They are not anti-spending — they are pro-meaning. Give them a reason to believe
3. Digital ecosystems in China have no European equivalent — enter through the super-apps
4. European heritage is an asset only if it is localised into Chinese cultural language
5. Health, sustainability, and AI personalisation are not trends — they are table stakes

Contact NIQ