

# The Differences in Brand Preferences between Millennials and Generation Z and the Adjustments in Marketing Strategies

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## Abstract:

This article primarily examines the brand preferences of Millennials and Generation Z, as well as how brands can adjust their marketing strategies to meet the rise of this new mainstream consumer force. Through an analysis of existing brand product examples and a review of current literature, it is concluded that Millennials tend to have stronger brand loyalty, whereas Generation Z demonstrates more flexibility in their brand choices. The research reveals that the former values brand history, social reputation, and quality, while the latter places greater emphasis on personalization, the ability of a brand to reflect personal attitudes, and social media interactions. To meet these evolving demands, brands need to strengthen their digital marketing method and increase their engagement on social media, while staying attuned to online trends. This will enable them to execute targeted marketing strategies and product designs. Understanding the differences between Millennials and Generation Z equips businesses with the ability to closely observe current shifts and anticipate future developments. This article provides a comprehensive investigation to serve as a reference for companies when developing marketing strategies tailored to different generations.

**Keywords:** Millennials, Generation Z, Consumer Brand Choices, Marketing Strategies, Preference Differences Introduction.

## 1. Introduction

Move the sight back 20 years before, China just steps in the 20th centuries. No matter observing from which perspectives, with the demographic dividend, industrial transfer in developed countries

and the inner and potential wisdom of the Chinese nation. Brings the Chinese economy and market an unprecedented recovery, and at the meanwhile, China entered an epoch of high-speed development. China had transformed from an agricultural power to the second largest economy in the world. With the

development of cities, the rise of the middle class and the huge consumer groups, China has also occupied a major position in the world market. China's market is becoming increasingly complex and competitive, with the rise of mobile payments, e-commerce, and the rapid development of the digital economy being key drivers. To establish a strong presence in such a fast-paced and widespread environment, businesses must understand the preferences and psychology of the main consumer groups. Millennials and Generation Z are two major consumer groups in China. Not only are they large in number, but they also possess significant spending power and market influence.

Millennials are those born between 1981 and 1996, meaning they will be between the ages of 28 and 43 by 2024. Most of them have already started their own families and witnessed the rise of the internet age. According to statistics from the China Internet Network Information Center (CNNIC), millennials account for 30% to 40% of the internet population in China [1]. However, as time moves forward, attention is gradually shifting to a newer generation.

Generation Z refers to those born between 1997 and 2012, with an age range of 12 to 27 by 2024. Although Generation Z makes up about 20% of China's total population, they represent 30% to 35% of China's internet population, according to CNNIC [1]. This group is often referred to as "digital natives," having grown up with internet access and heavily relying on social media and the web. Their understanding of, dependence on, and consumer habits around the internet make them the driving force of the future market.

As time moves forward in a linear progression, a consumer era led by Generation Z is quickly approaching. For brands to remain competitive in this new era, they must understand the differences in preferences and consumer mindsets between the older generation, the millennials, and the new Generation Z. It is essential to adjust strategies and marketing approaches according to these generational shifts to attract the new generation of consumers.

This paper will analyze and differentiate the consumer psychology and preferences of millennials and Generation Z through case studies of existing brands and a review of current literature. Additionally, it will offer future marketing strategy suggestions based on case analysis.

## **2. Background Study of Chinese Millennials**

### **2.1 The Economic Status and Purchasing Power of Chinese Millennials**

The majority of Chinese Millennials are currently in the

upward phase of their careers, with some having already entered the ranks of the middle class or even high-income groups. This means they hold a strong position in the consumer market and have considerable economic power. Millennials exhibit significant spending power, particularly in areas like travel, luxury goods, and high-tech products. As these "middle-aged" individuals have spent years navigating their careers, and given the common habit of saving money among Chinese people, many at this stage start to allocate assets toward building families or fulfilling personal desires. For example, women in this age group often own luxury items, while men tend to invest their funds in larger, more expensive items that reflect their social status.

### **2.2 Factors Influencing Brand Choices of Chinese Millennials:**

Today, Millennials have entered a phase where they need to prove the results of their years of hard work. They know when to save and when to spend, which makes them the primary consumer group for luxury goods, with strong brand loyalty. Besides luxury goods, in terms of essential fast-moving consumer goods, Millennials are highly focused on selecting brands that align with their values and have a good reputation for quality and brand image. For clothing, Uniqlo and H&M are common brand choices because these brands guarantee quality and have widespread recognition.

When it comes to digital products and cosmetics, Millennials typically opt for mid- to high-end international brands such as Huawei, Apple, Lancôme, and Estée Lauder [2]. For household appliances, they tend to choose brands like Xiaomi and Haier. These brands share one common characteristic: they all have high brand recognition, and none of them are industry newcomers. Millennials place great importance on brand history and credibility, making them favor traditional brands that have already built a solid reputation. From this perspective, the shopping choices of Millennials have become relatively fixed, with the image of these established brands deeply ingrained in their minds, often holding an unshakable position. They rarely leave room for new or emerging brands or waste their time and money on brands they do not trust. However, with the rise and full penetration of live streaming, many fast-moving consumer goods and even affordable luxury brands have been brought into their view, and many people are willing to try them. The rapid transmission of information has also blurred the age barriers. Yet, there are still a few Millennials who remain firmly committed to offline shopping.

### **3. Background Study of the Generation Z in China**

#### **3.1 The Digital Consumption Behavior of Generation Z in China**

Generation Z's consumption behavior, aside from offline purchases of instant food, is largely tied to online sales and marketing. This group is constantly exposed to the vast flow of information on the internet, where they receive a significant amount of online content and also generate viral trends. Social media platforms such as QQ, Weibo, and entertainment apps like Douyin, Bilibili, and Xiaohongshu place them under continuous exposure to advertisements and information.

The convenience of online shopping complements this constant bombardment of information. For example, platforms like Douyin and Xiaohongshu feature integrated shopping functions, allowing users to be easily influenced to purchase while watching a video or scrolling through a post. Under such intense promotion, impulsive buying is easily triggered, and products are just a few clicks away. Once a product gains traction online, Generation Z inevitably becomes the primary consumer group driving its popularity.

#### **3.2 The Brand Attitudes and Expectations of Generation Z in China**

Generation Z's attitude toward brands is more open and flexible. Brand culture, innovation, and current trends are often key factors in their decision-making. This generation tends to have lower customer loyalty and brand attachment, meaning that new or even lesser-known brands can easily become part of their choices. Similar to Millennials, the brands Generation Z chooses must have the ability to represent their sense of self. They focus on whether a product can reflect their personality and attitude towards various aspects of life, essentially meeting their inner desire to stay trendy.

Generation Z tends to favor products that help them keep up with the latest trends, such as the newest iPhone, Perfect Diary, Florasis, or domestic brands like Li-Ning and BaWang ChaJi [3]. They are not confined to a single brand but instead evaluate multiple brands based on factors like current popularity and personal alignment with the brand's image.

#### **3.3 Differences in Brand Preferences Between Generation Z in China and the West**

Generation Z in China is at the forefront of digital consumption globally, with a high level of acceptance of new

technologies. They are accustomed to using mobile devices for various aspects of daily life, such as facial recognition payments and mobile transit cards. While Western Generation Z also relies heavily on digital platforms, they place greater emphasis on personal privacy and data protection.

When it comes to brand preferences, Chinese Generation Z tends to focus more on brands that interact with them on social media or cater to their immediate needs, whereas Western Generation Z may prioritize a brand's social responsibility, ethical stance, and transparency. As a result, Western Generation Z tends to exhibit higher brand loyalty, while their Chinese counterparts are more flexible and open to change in their brand choices [4].

### **4. Marketing Strategies for Chinese Millennials and Generation Z**

#### **4.1 Marketing Strategies for Millennials**

Although millennials' hearts have been taken over by many brands as mentioned before, with the internet becoming more and more colourful, it is inevitable that they'll be shaken up in the face of so much marketing. Millennials often value brands for their weight, credibility and long-term value. If a brand in China is targeting millennials, it needs to develop a multifaceted image. The first step is to develop multiple channels of distribution, both online and offline. Offline products are visible to the eye and touchable to the hand, credibility is greatly enhanced, while online shopping is convenient and readily available. Secondly, establish a good emotional bond between the brand and the user, such as after-sales service, membership privileges and product protection. For example, Huawei provides users with technical support, regular customer discounts and personalised services through its membership programme, building deep customer relationships and a sticky bond between customers and the brand. Take advantage of the high consumer stickiness of the millennial demographic to imprint the brand in the minds of customers. Alternatively, find a unique entry point such as cultivation, craftsmanship, environmental protection, childcare and cultural heritage to create a deep brand image and seize the customer's heart. For example, China's famous beverage and pastry brand Xi-Tea has quickly seized the milk tea market with its new concept of 'New Tea Drink'. It has accurately captured the millennials' pursuit of a healthy lifestyle, combining modern fashion elements and traditional health elements to launch a product with a clear positioning and target group [5]. For millennials, the concept of 'first' is very important, and in the book 'Positioning' by AJ Ries and Jack Trout,

it is mentioned that every person has a standard in mind for products in the same field. The concept of ‘first’ tends to be the most popular with people who have been there before. However, if the company is not the first, then use the convenience of the Internet and the mode of rapid dissemination, or clever strategy can also deepen the position of the brand in the hearts of customers.

## 4.2 Marketing Strategies for Generation Z

Time is always moving forward, and brands wanting to adapt to the current of the times also have to compromise with the new generation and make changes to their marketing strategies. To summarise the new generation, Generation Z is looking for individuality, trendiness and products that highlight their attitude towards life. Brands can launch targeted product strategy planning for Gen Z from three main dimensions.

### 4.2.1 Large-scale online platforms and marketing with the help of KOLs

Contemporary young people may get as much information every day as ancient people did for years or even decades, so trying to bring a brand to the masses is simply not a problem, as long as the cost is high enough. The problem is the positioning of the brand and the choice of platform. For example there is a company brand called ‘Paleo’, which specialises in gluten-free drinks. Now it wants to make a gluten-free oat milk, which is a differentiated and innovative product in China. The company is targeting the gluten-allergic, healthy-living and Generation Z groups. Starting from envision two application scenarios first. The first is the hot-blooded fitness scenario, and the second is the exquisite life crowd. Different platforms and communication methods need to be used to maximise the benefits for different groups. The first one will be used for marketing on the Jieyin platform, seizing the recent hotspots and integrating their products into it. For example, the tag ‘Can’t Stand To See You Train Better Than Me’ is used to market the health attributes of oat milk, and the concept of adding oat milk to protein powder is substituted, which is linked to the presentation of fitness results and thus achieves a deeper marketing result. For the second type of exquisite life crowd, the company will consider the option of co-operating with Xiaohongshu bloggers to publish grass-raising posts. The posting of DIY oatmeal milk coffee is a perfect match for the spiritual needs of the exquisite life of the exquisite people. Xiaohongshu was originally a sharing and shopping platform for recommending overseas goodies in China. After repositioning, Xiaohongshu is now known as ‘Google for shopping’. Nowadays, many Chinese people, especially Gen Z, check the product information on Xiaohongshu before shopping, making

it a very suitable platform for those who pursue a refined life. These are examples of how to change communication channels and methods for different situations, which is also the most important aspect of online communication. In this regard, the Chinese cosmetics brand ‘Huaxizi’ has just come into the limelight some years ago. Huaxizi is an emerging Chinese cosmetic brand that has successfully built awareness among Generation Z by partnering with KOLs on social media platforms such as Jieyin and Xiaohongshu. Through KOLs, Huaxizi conducts detailed product introductions and usage tutorials to help consumers better understand and use the products. In addition, Huaxizi has successfully created a cosmetic brand with a unique brand story by utilising traditional Chinese cultural elements and combining them with modern beauty trends. This marketing strategy enabled Huaxizi to gain a huge market share in a short period of time, especially among young Generation Z female consumers [6, 7].

### 4.2.2 Differentiated novel conceptualisation

People always love new, trendy things and want to be trend-setters. Chinese brand Bottled Joy gives a satisfactory answer. Bottled Joy is a giant on-the-go water cup, a brand that focuses on providing young consumers with large-capacity, portable and stylishly designed beverage containers with the core concept of ‘health, environmental protection and fashion’. Launched a new concept of ‘tonne drink’, in line with the concept of drinking more water is very healthy. However, the real positioning of this product is not just a water cup, but a fashionable item to be carried around. In addition to having a substantial role in daily life, it is also a portable trend element, which perfectly fits the individuality and differentiation and needs of the Generation Z crowd [8, 9].

### 4.2.3 Personalization, Experience and Specificity

PoP Mart is a trendy toy brand popular with Generation Z in China, focusing on the blind box nature and unique product design and personalised customisation experience. Each blind box has a chance and special character, which stimulates people’s pleasure at the moment of opening. This ‘unknown surprise’ greatly stimulates the consumer impulse and desire to buy. In addition, POP Mart also uses customised services to further satisfy the personalised needs of Generation Z. Buyers can participate in limited-time events and activities. Purchasers can get a customised version of POP Mart by participating in limited-time events or specific fan benefits, further increasing the scarcity and uniqueness of the brand. 2021, POP Mart’s revenues increased by 78% year-on-year, and its Gen Z customers accounted for more than 60% of the total number of customers [10].

## 5. Conculsion

This thesis makes clear the importance of a brand understanding the new generation demographic by comparing and contrasting the consumer perceptions of Millennials and Generation Z and giving examples. The arguments suggest that over time, brand marketing strategies have shifted from a focus on brand loyalty and consistent experiences (for Millennials) to a more flexible, innovative and socially interactive orientation (for Gen Z). This change reflects significant differences in consumer behavior, values and technology dependency between the two generations. Brands must understand these differences and adapt their marketing strategies accordingly to remain competitive in a rapidly changing market. From an objective point of view, because of the time factor this paper is indeed limited in certain aspects, such as social data surveys and fully specialized marketing strategy development. Further research could explore the spending habits of the Alpha Generation (referring to the post-2010 crowd), which is newer than Generation Z. Over time, Generation Z will also be pushed into the position that Millennials are now in, while the Alpha Generation represents a potential force for future renewal. By the time the Alpha Generation grow to have the spending power, they too will become the mainstream of the times. Therefore, understanding the difference between Millennials and Generation Z is not only important for marketing strategies in the present, but also at the same time is equipping individuals with the ability to be sensitive observers of all the present changes, and also with foresight for the future. This study has the significance of helping to sort out and understand the changing consumer behavior of the new generation, and also has the significance of being a reference for brands and entrepreneurs when researching for new products, or creating a brand.

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