BCG + SNAPCHAT

The $2 Trillion Opportunity

How Gen Z is Shaping the New India

OCTOBER 2024

FOREWORD

As the largest generation to date, Generation Z is reshaping the consumer landscape in ways that demand our attention. Their influence on retail spending, combined with their unique values and behaviors, is rapidly transforming how brands must think, act, and engage. Yet, while many marketers acknowledge this shift, their approach to targeting Gen Z tends to be more reactive than proactive.

Recognizing the need for a deeper, fact-based understanding of this powerful cohort, BCG and Snapchat partnered to develop a first-of-its-kind perspective on this segment. Backed by extensive quantitative research covering not only Gen Z, but also their parents and millenials, this report moves beyond mere observations to present a comprehensive understanding of Gen Z. We also spoke to 30 top marketing leaders – CMOs, Brand Managers, Category Heads – across 10 prominent categories for building a perspective on how industry views this cohort.

The findings presented here are designed to equip marketers with actionable strategies to better understand, engage, and win with Gen Z. We are grateful to the consumers and industry leaders who have contributed to this effort, and we hope this report serves as a valuable resource for those looking to unlock this $2 trillion opportunity.

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IN A NUTSHELL

THE GEN Z SURGE

DEMYSTIFYING THE SPENDING POWER OF GEN Z

01 Indian Gen Z is 377M strong – and 1 in 4 are in the workforce today!

02 Gen Z is already driving $860B of consumer spends in India.

03 By 2035, Gen Z driven spends will increase to $2T - implying that every 2nd rupee spent in India will come from a Gen Zer.

04 Brands need to recognize the 'what' and 'how' of this opportunity now.

UNDER THE SURFACE

A CLOSER LOOK AT THEIR BELIEFS AND VALUES

01 7 core beliefs and values shape the contours of Gen Z - how they feel, who they are, and what they do.

02 It is important to understand that Gen Z is distinct from millennials and so is their behavior across dimensions.

03 Brands need to curate marketing strategies for Gen Z with a distinct approach from that used for millennials.

THE RIPPLE EFFECT

EVALUATING THE IMPACT OF GEN Z VALUES ON THEIR SHOPPING BEHAVIOR

01 Gen Z values lead to five unique shopping behaviors

- Shopping trend-out rather than brand-out.
- Engaging through immersive visuals.
- Socializing with their 'inner circle' while shopping.
- Using creator pages as the destination for search.
- Moving across online and offline modes seamlessly.

RIDE THE TIDE

UNDERSTANDING WHAT IT TAKES TO WIN GEN Z OVER

01 Survey of 30 top brands across 10 prominent categories reveals significant opportunity for brands to step up on how they are addressing the Gen Z opportunity.

02 45% of brands recognize the opportunity, however, only 15% are actively acting on it.

03 5 big action areas emerge for brands to take the leap forward.

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UNDERSTANDING WHAT IT TAKES TO WIN GEN Z OVER

01

THE GEN Z SURGE

DEMYSTIFYING THE SPENDING POWER OF GEN Z

IN THIS SECTION...

India's Generation Z - individuals born between 1997 and 2012 - is the largest demographic group, making the term 'Gen Z' prominent in most marketing forums.

However, **many marketers are divided on their immediate significance.** The debate centers around whether Gen Z is already worth paying attention to or if they will only start to matter a few years down the line.

To address this, we undertook a unique approach wherein we spoke directly to Gen Z-ers if they were already working and to their parents/ caretakers if they were still dependent. We asked them about the role they play in purchase decisions across 18 categories. Based on this research, we developed a fact-based perspective of the true economic power of this cohort.

WHAT WE HEARD FROM MARKETERS...

"I have heard about Gen Z being the next big force, but I struggle to find hard data about how big this opportunity is?"

"I wonder if Gen Z influence purchase in my category, especially when they are not the main buyers and how do I quantify their impact?"

AT 377M, GEN Z IS THE LARGEST GENERATION EVER TO LIVE IN INDIA

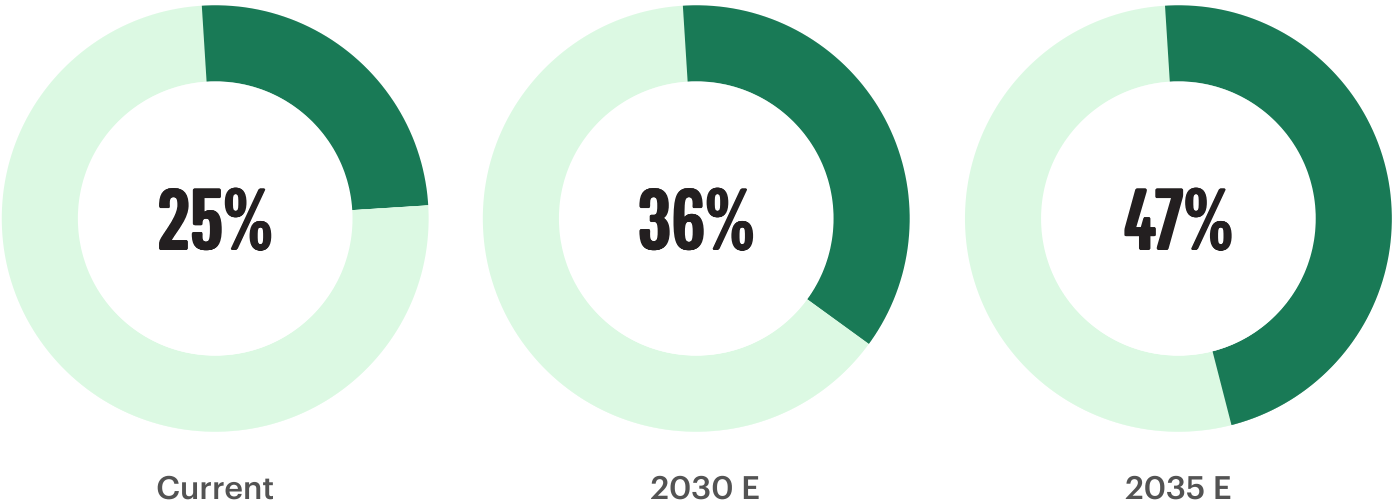
INDIA'S POPULATION SPLIT ACROSS GENERATIONS

377M – That's more Gen Zers than the entire population of the US.

Source: WDI; BCG analysis

1 OF 4 GEN Z IS ALREADY A PART OF THE WORKFORCE

% GEN Z IN THE WORKFORCE



I study CSE at my local college and take math tuitions for JEE aspirants in the evening – the small income goes a long way!

- Male, 20, Kolkata

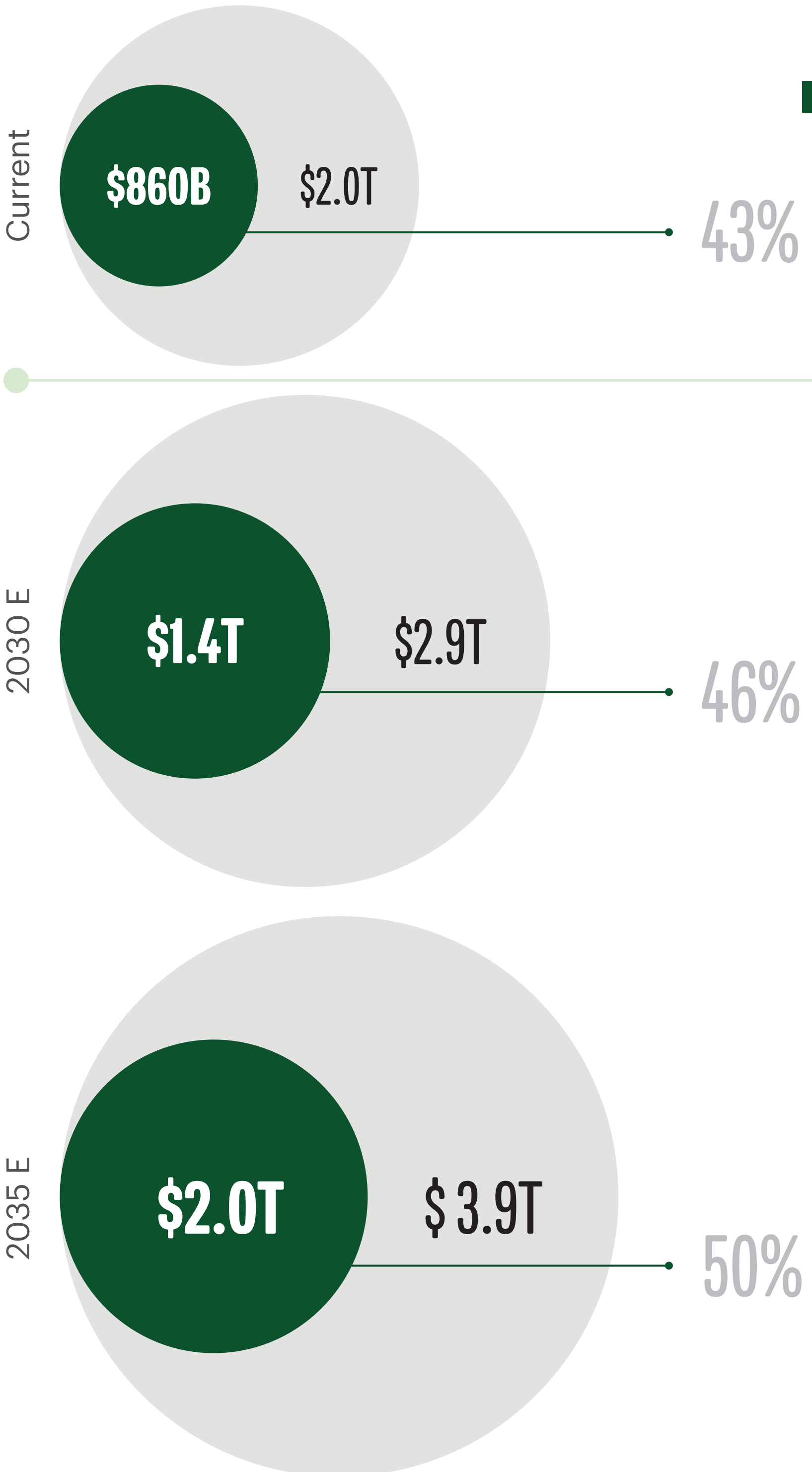
After graduation, I moved to Bengaluru for my job at a top MNC – living independently and managing a household has been exciting!

- Female, 22, Bengaluru

Source: WDI Data; CMIE Data; BCG analysis

GEN Z FUELS $860B IN CONSUMER SPENDING TODAY, SURGING TO $2T BY 2035

TOTAL CONSUMPTION SPENDING IN INDIA WITH SHARE DRIVEN BY GEN Z



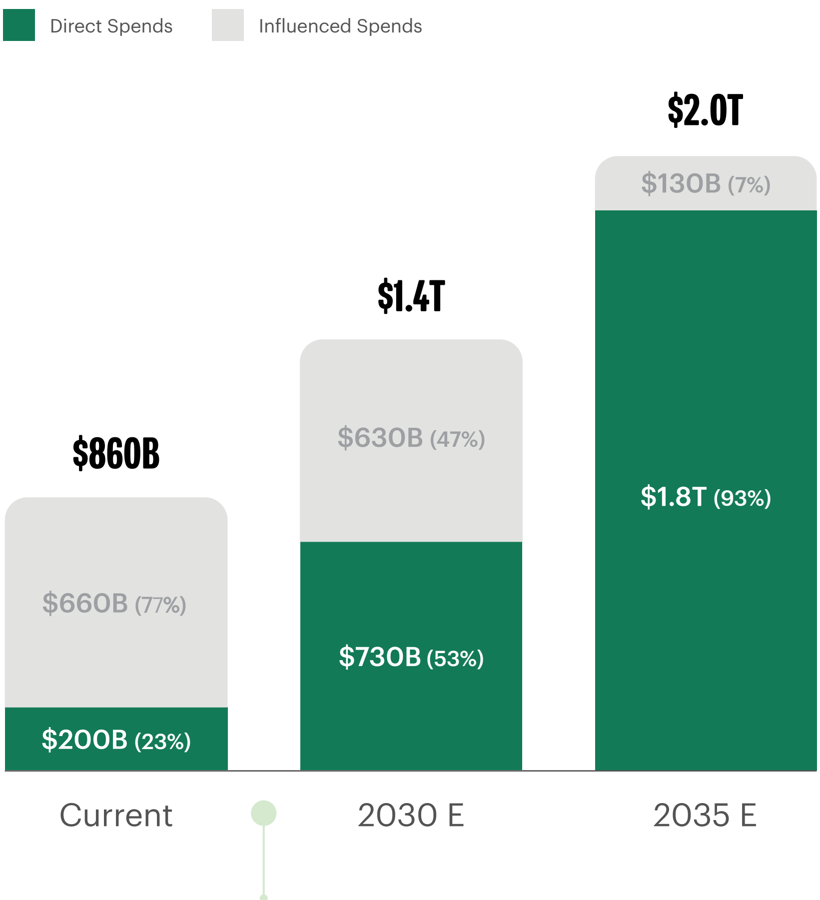
Source: BCG survey with the parents of Gen Z (N = 1,000), BCG survey on consumption behavior across categories (N = 6,000), BCG analysis, Some numbers have been rounded off for simplification and therefore totals may not match exactly

$200B OUT OF THIS GEN Z DRIVEN SPEND IS DIRECT, WHICH WILL JUMP TO $1.8T BY 2035

Direct Spends: Spends made by working Gen Zers with their own earnings

Influenced Spends: Spends influenced by dependent Gen Zers; these are spends mostly made by families where Gen Zers play an active role in influencing product/brand choice

SPLIT OF GEN Z SPENDING POWER INTO DIRECT AND INFLUENCED SPENDS



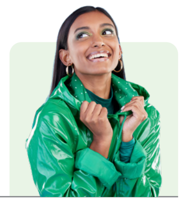
In 2025, Gen Z's direct spends will amount to $250B or 27% of their total spend - the remaining 73% to be influenced

Source: BCG survey with the parents of Gen Z (N = 1,000), BCG survey on consumption behavior across categories (N = 6,000), BCG analysis, Some numbers have been rounded off for simplification and therefore totals may not match exactly

THIS SPEND IS SUBSTANTIAL ACROSS CATEGORIES, UP TO 50% IN TOP CATEGORIES...

FASHION AND LIFESTYLE

Overall consumption spend in India **\$100 - 110B** → **47%** → Gen Z driven spends **\$45 - 50B**



TRAVEL AND VACATION

Overall consumption spend in India **\$160 - 180B** → **47%** → Gen Z driven spends **\$75 - 80B**

BEAUTY AND PERSONAL CARE

Overall consumption spend in India **\$15 - 20B** → **44%** → Gen Z driven spends **\$7 - 9B**

VIDEO OTT

Overall consumption spend in India **\$0.5 - 1B** → **47%** → Gen Z driven spends **\$0.3 - 0.5B**

PACKAGED F&B

Overall consumption spend in India **\$70 - 75B** → **45%** → Gen Z driven spends **\$30 - 35B**

CONSUMER TECH DEVICES

Overall consumption spend in India **\$45 - 50B** → **45%** → Gen Z driven spends **\$20 - 25B**

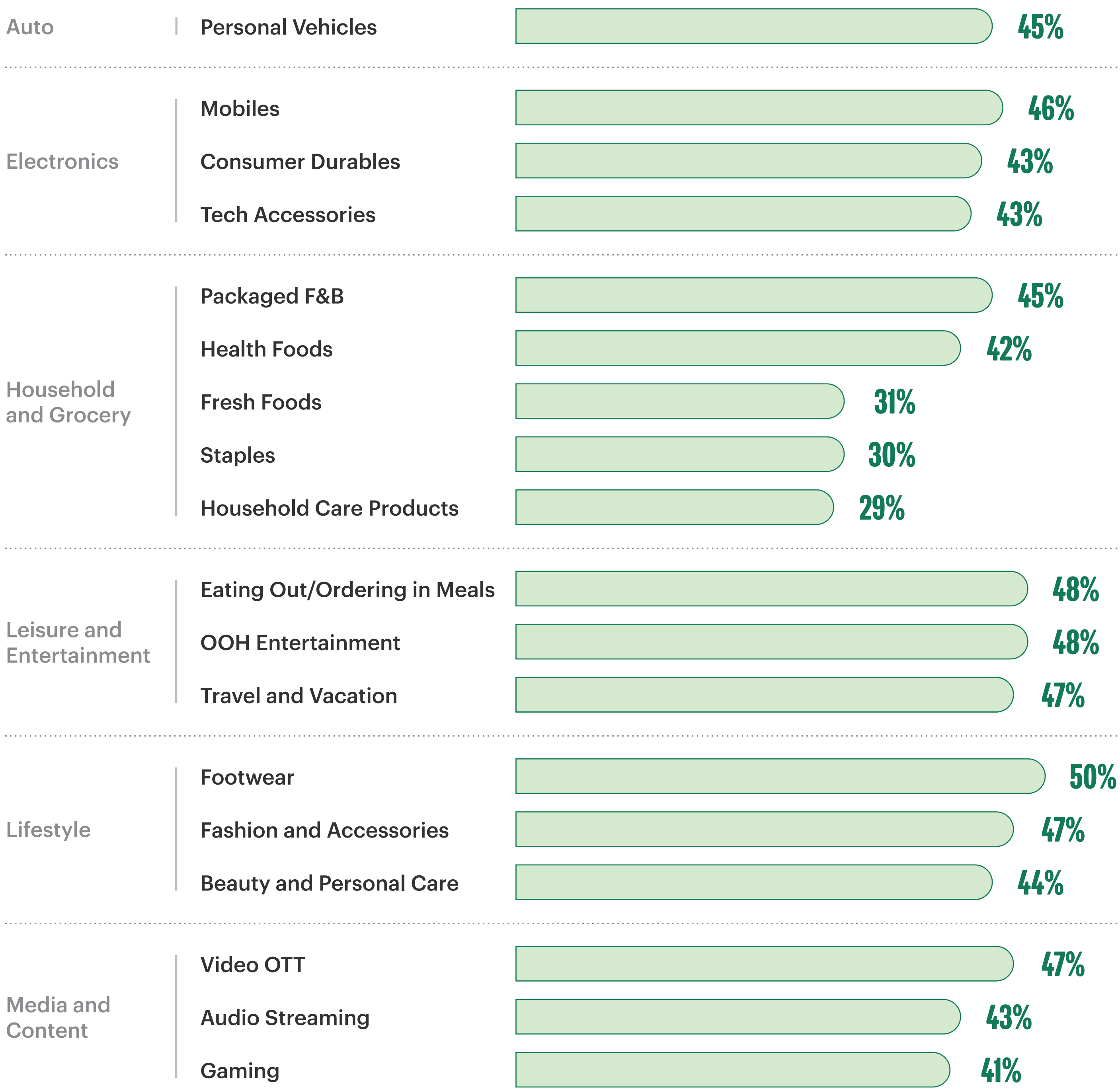
EATING OUT AND ORDERING IN

Overall consumption spend in India **\$70 - 75B** → **48%** → Gen Z driven spends **\$30 - 35B**

Source: BCG survey with the parents of Gen Z (N = 1,000), BCG survey on consumption behavior across categories (N = 6,000), BCG analysis

...AND REMAINS STRONG IN A LARGE SET OF OTHER CATEGORIES AS WELL

GEN Z DRIVEN SPENDS AS % OF TOTAL CONSUMER SPEND



Source: BCG survey with the parents of Gen Z (N = 1,000), BCG survey on consumption behavior across categories (N = 6,000), BCG analysis

LONG STORY SHORT...

01 At 377M, Gen Z is the largest generation to ever live in India.

02 1 of 4 Gen Z is already in the workforce, in the next 10 years every 2nd Gen Z will be earning.

03 Gen Z is already impacting $860B of consumer spends. This will increase to ~$2T in the next 10 years.

04 From snacks to sedans, Gen Zers are impacting almost every second rupee spent today across categories.

BRANDS NEED TO TAKE NOTE OF THE GEN Z OPPORTUNITY NOW!

02

UNDER THE SURFACE

A CLOSER LOOK AT THEIR BELIEFS AND VALUES

IN THIS SECTION...

As we have established, Gen Z is a formidable economic force. However, for marketers to truly harness this opportunity, they must gain a deeper understanding of who they are, what makes them tick, and what they value. Our conversations with brands throughout this study revealed that numerous questions and misconceptions persist about what truly drives this generation.

We undertook a study encompassing over 2,000 Gen Zers and 1,000 millennials in India to develop this perspective.

In this section, we explore the 3 key dimensions of Gen Z personality:

01 WHAT **THEY FEEL:**
Their attitude towards the economy and the people around them

02 WHO **THEY ARE:**
The core values that define them

03 WHAT **THEY DO:**
The core values that explain and drive their actions

Across these 3 key dimensions, we identified **7 fundamental values** which are core to Gen Z. These 7 values are where Gen Z stood out compared to millennials – in the significance of the value as well as the interpretation of what the value means.

WHAT WE HEARD FROM MARKETERS...

"How is Gen Z really different from millennials?"

"I really want to understand what 'Authenticity' means for Gen Z"

"What do Gen Zers in India truly value?"

"I am curious to know if Gen Zers are connected with their family or are they a disconnected generation?"

PEEK INTO THE 3 DIMENSIONS OF GEN Z'S PERSONALITY

I FEEL

- WORLD'S TOUGH, BUT I REMAIN POSITIVE
- DEEPLY CONNECTED WITH MY INNER CIRCLE

I AM

- 100% AUTHENTIC, ALWAYS
- EXCITED BY WHAT'S NEW
- VISUALLY INSPIRED

I DO

- ACT ON CAUSES, DON'T JUST TALK
- MAKE TRADITIONS MINE
- SPEND SMARTLY

2 OF 3 GEN Zers ARE OPTIMISTIC ABOUT THE FUTURE

Despite facing economic and career uncertainties, **two-thirds of Gen Zers remain optimistic** about the future. They are confident of their finances, health and the social environment - showcasing their resilience and positive attitude.

RESILIENT IN A ROCKY ECONOMY

59% **Gen Zers are optimistic about their financial stability**

Dad's job is gone, and I didn't get placed. I can't change that - but I can take tuitions to fund my goals

- Male, 24, Pune

POSITIVE ABOUT MIND AND BODY

75% **Gen Zers are positive about their physical and mental health**

Anxiety is real, have seen a friend battle it...but there is support available – I can talk freely to my family

- Female, 15, Mysore

UPBEAT ABOUT THE SOCIAL/CULTURAL ENVIRONMENT

62% **Gen Zers are positive about the social and cultural atmosphere in India**

With films tackling social issues and movements like #MeToo, India is on the right path—still much to do!

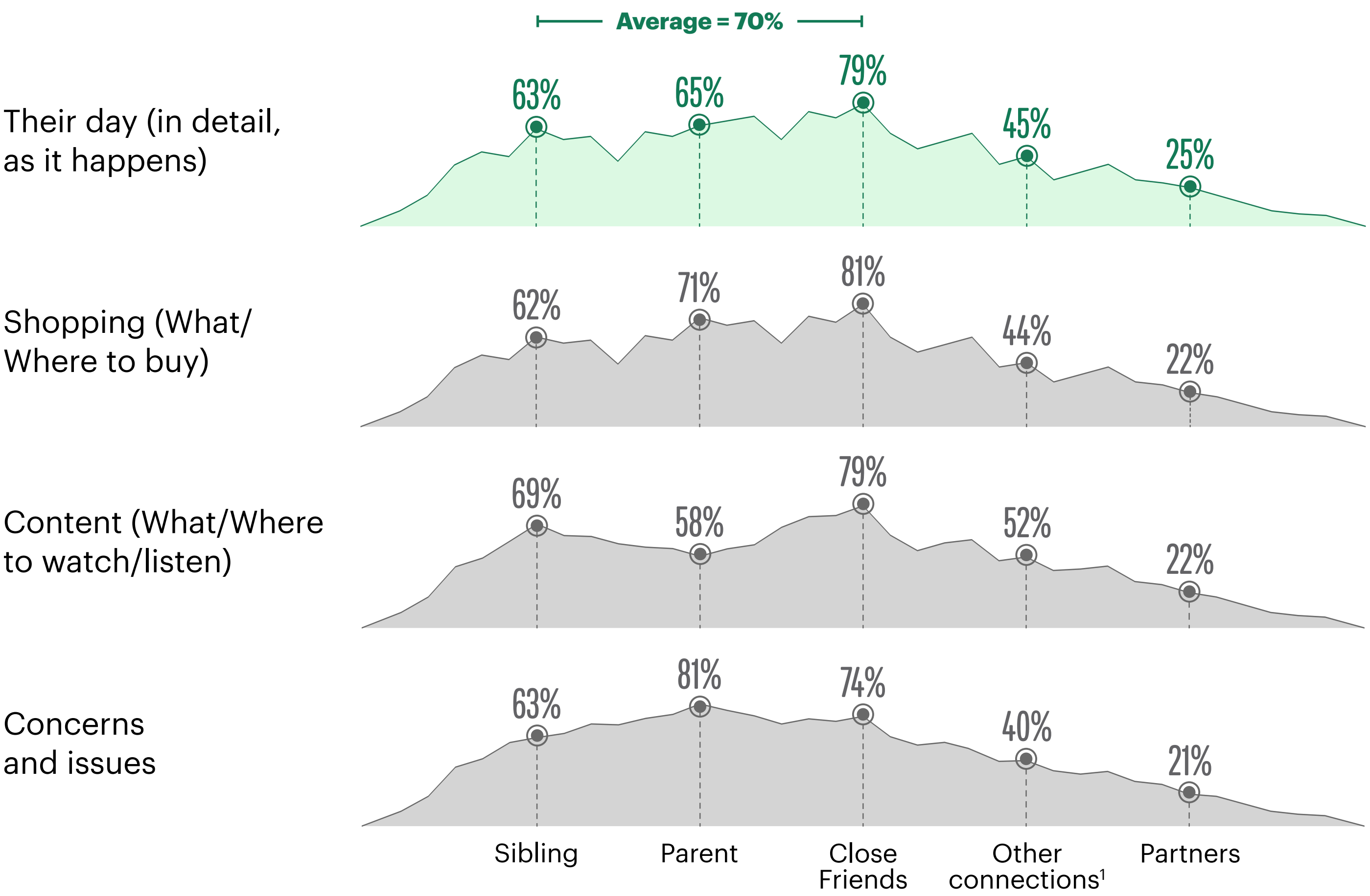
- Female, 27, Delhi

Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

7 IN 10 GEN Zers CONSIDER INNER CIRCLE AS THEIR GUIDES FOR ALL THAT'S GOING ON IN THEIR LIVES

Gen Zers have a tight knit 'inner circle' - set of close friends and family members who help them navigate through life. **About 70% of Gen Zers** deeply care for connection with this inner circle, sharing every small detail of their lives with them – from shopping to streaming and so much more. Gen Z is also deeply connected with their family, and often share their concerns with parents and siblings.

% OF GEN Z WHO CONNECT WITH THIS GROUP FOR...



THESE INNER CIRCLES HOLD POWERFUL INFLUENCE ON GEN Z

*"**My girl-gang loves fashion** and gives the best fashion advice –*
***I always take them along** on all my shopping trips, in-person or virtually!*

- Female, 23, Noida

1. Other connections - Extended family and larger circle of friends

Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

ABOUT 3 IN 4 GEN Zers FEEL BEING AUTHENTIC IS IMPORTANT

Gen Z is often associated with 'authenticity', but few truly explore what it means to them. For Indian Gen Z, authenticity shows up in 4 key ways, resonating with about **three-fourths of the generation.**

WHAT DOES "BEING AUTHENTIC" MEAN FOR YOU?

76%
share thoughts candidly

*"**Say who you are...** if a brand is found lying, I will never buy it again and will ensure that my friends won't buy it as well"*

73%
are proud of their roots and heritage

*"Though my small-town accent was ridiculed, **I stuck to it,** and now everyone sees it as a part of me"*

73%
embrace imperfections

*"This mole on my face? I think of that as **my signature** and flaunt it with confidence"*

69%
express vulnerability

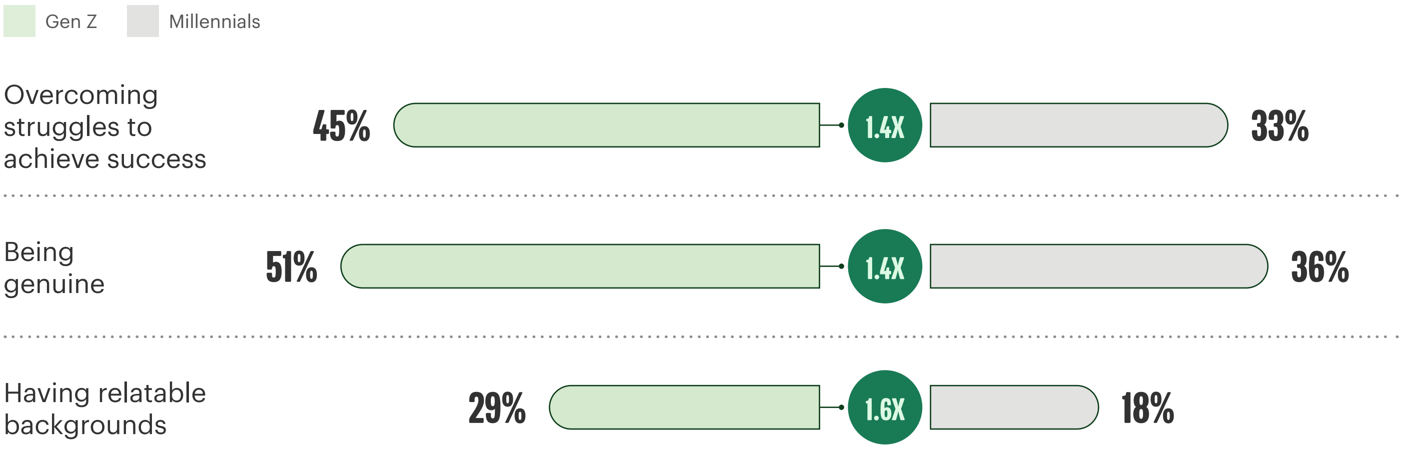
*"**I opened up** about my mental health on day one—my boss was uneasy, but it couldn't be avoided"*

Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

ROLE MODELS FOR GEN Z HAVE CHANGED DRAMATICALLY, ADMIRED FOR REASONS DIFFERENT FROM THOSE OF MILLENNIALS

This manifestation of 'Authenticity' also finds its way in who Gen Zers revere as their role models. Gen Z goes beyond just talent or success in selecting their role models – they look for inspiring journeys.

WHICH OF THE TRAITS DO YOU ADMIRE IN YOUR ROLE MODEL?



> *Nancy made it to a global film-fest from a small town in Uttar Pradesh. I was one of her first followers – saw her rise myself!*
>
> - Female, 25, Patna

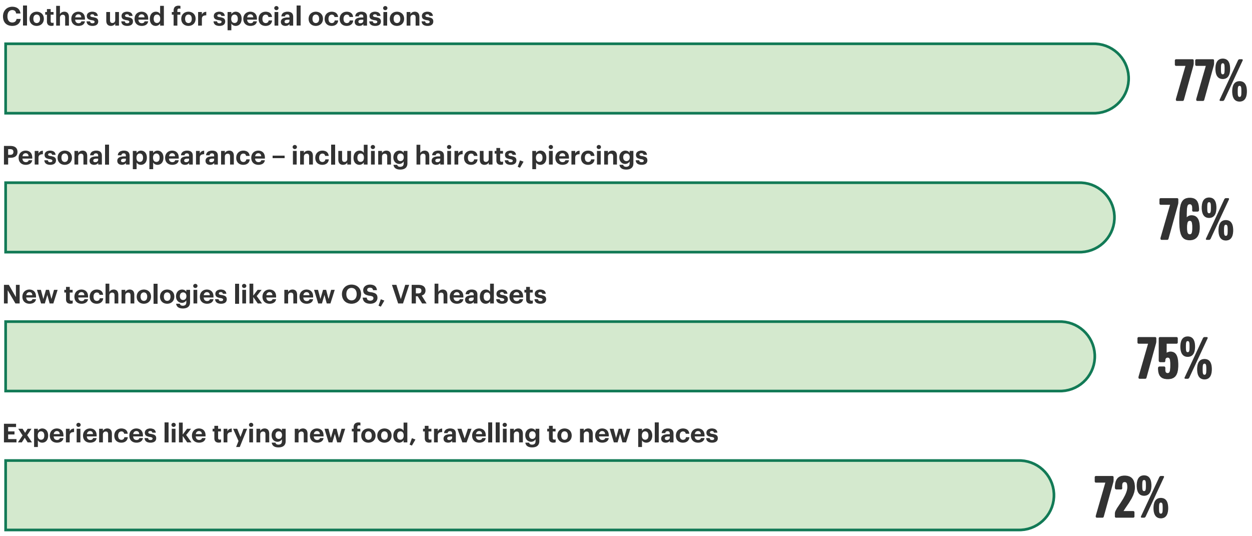
> *PR Sreejesh was talented but still got criticized. He struggled to get to team India for a long time, but today he has silenced them all!*
>
> - Male, 24, Rajkot

Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

OVER 70% OF GEN Zers LOOK FORWARD TO 'NEW'

Gen Z sees change as an opportunity for growth – over **70% of Gen Zers** are enthusiastic about **embracing 'the new'** across various aspects of their lives. From new styles to looks and tech to experiences - Gen Zers want to try it all.

% GEN Zers WHO ENJOY CHANGES IN...



CHANGES ARE A CHANCE TO REJOICE...

> *I recently bought a men's grooming kit. My older brother wasn't happy as he sticks to one style. I love changing my look and this brand comes up with new tools each season, its perfect!*
>
> - Male, 20, Shimla

Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

GEN Z LIVES THROUGH VISUALS: NEARLY 80% ARE CAPTIVATED BY VISUAL CONTENT

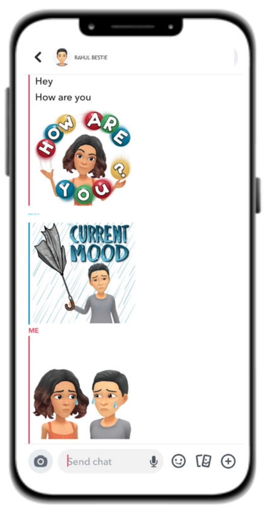
Gen Z embraces dynamic communication, with **almost 80% relying heavily on visuals.** Visuals - Images, GIFs, stickers, immersive lenses - are central to how they interact and express themselves. Camera is Gen Z's lens to the world, capturing everything from big events to small moments.

VISUALS IN EVERYTHING

77%

Gen Z uses visuals as a **primary mode** of communication even in regular chats

Compared to 65% millennials



“*From a good morning message to reacting to a funny joke, **a picture speaks a 1000 words!***”

VARIED FORMS OF VISUALS

78%

Gen Z **mostly** uses varied forms of visuals (GIFs, stickers, etc.) in chats

Compared to 64% millennials

“*I send funny GIFs, snaps, and random memes throughout the day as **texting is just boring!***”

IMMERSIVE VISUALS

77%

Gen Z **mostly** uses immersive visuals like lenses, etc.

Compared to 56% millennials

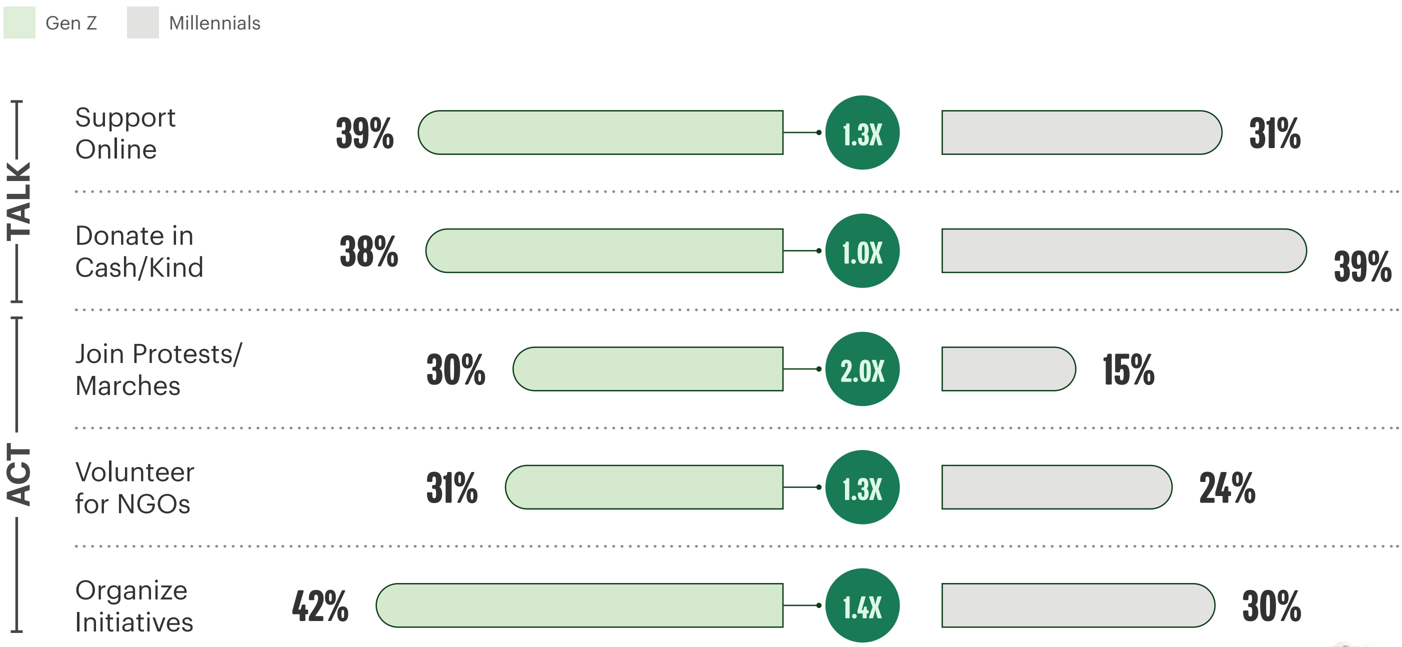
“*I found this cool lens that turns my face into a cold-face character – **best way to express!***”

Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

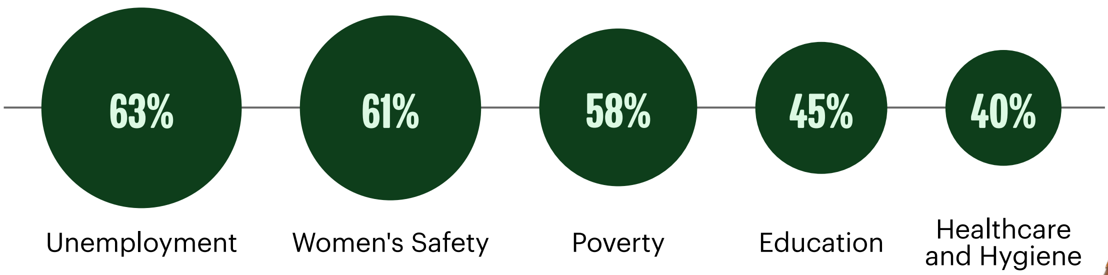
GEN Z ~1.6X LIKELIER THAN MILLENNIALS TO ACT ON CAUSES IMPORTANT TO THEM

Gen Z believes in walking the talk - they are **1.6X likelier than millennials** to go the extra mile and act on the causes for which they care deeply. They are also 1.5X more likely to care about ‘mental health’ than millennials.

% OF INDIVIDUALS WHO REGULARLY ENGAGE IN THE FOLLOWING ACTIVITIES FOR THE CAUSES THEY CARE ABOUT



TOP 5 CAUSES GEN Z CARES FOR...



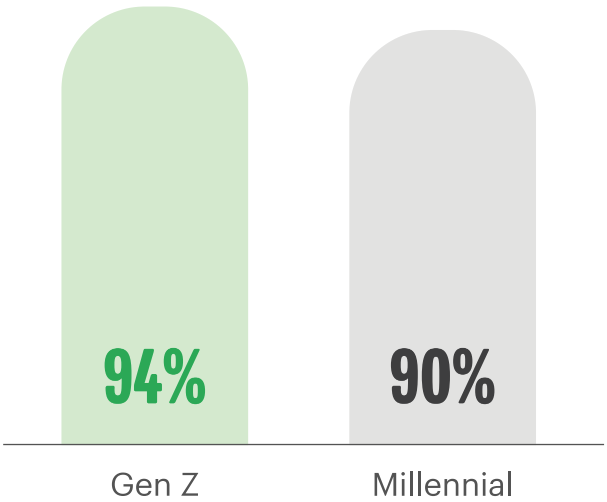
Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

2 OUT OF 3 GEN Zers EMBRACE TRADITIONS IN THEIR OWN UNIQUE WAY

Gen Zers value traditions just as much as millennials. However, **two-thirds of them** embrace these traditions with a **personal twist.** For them, tradition goes beyond mere preservation; it's about personalization—a way to stay relevant in modern times.

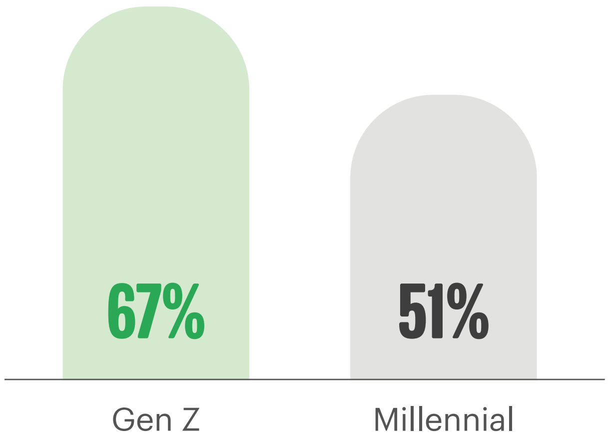
GEN Z VALUE TRADITIONS AS MUCH AS MILLENNIALS...

% who value traditions and culture



HOWEVER, THEY FREQUENTLY EXPERIMENT WITH DIFFERENT ASPECTS OF IT (e.g., clothing, food)

% prefer adapting the traditions to suit their own perspectives



This Diwali, Maya had a lot of fun **livestreaming #MomMakesladdoos;** while she herself prepared some **Turkish Baklava.**

Despite her mother's disapproval of her **retro-style denim lehenga,** Maya confidently wore it on the D-day.

She burst **ethically-made green crackers** and posted pictures on social media with the caption, "New Diwali, New me!"

#NoNoise #DelightfulDiwali

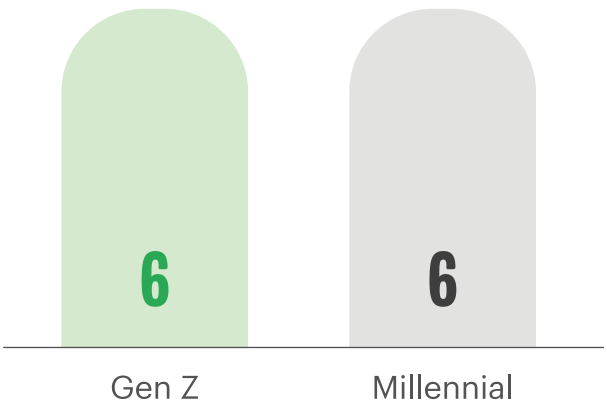
Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

GEN Z BUYS AS MANY TIMES AS MILLENNIALS AND RESEARCHES 1.5 TIMES MORE

Contrary to popular belief, Gen Zers buy as frequently as millennials – but they **are 1.5X likelier to spend more effort into researching** their purchases. Whether it's expert opinions, product reviews or blogs and vlogs from creators about the topic - Gen Zers leave no stone unturned to ensure every spend is a smart spend.

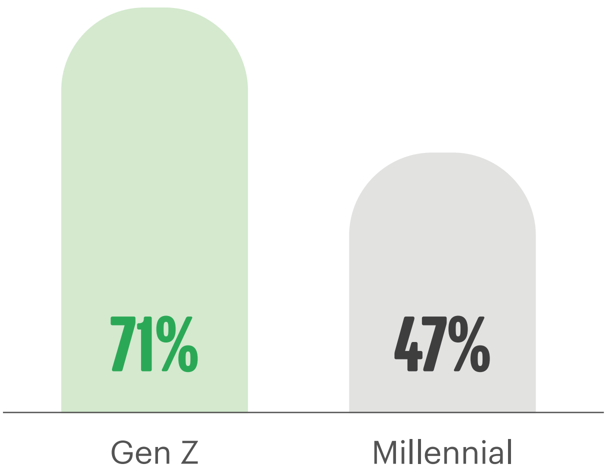
GEN Zers BUY AS MANY TIMES AS MILLENNIALS...

of times a Gen Zer buys a fashion item in a year v/s milllennial



...HOWEVER THEY RESEARCH MORE TO MAKE IT COUNT

% who research across multiple platforms before purchasing a clothing item



> *I wanted to treat myself to dinner yesterday. I browsed through the vegan section of the delivery app and read reviews in-app and online before ordering my meal. Whenever I order – I want to make it count!*
>
> - Male, 25, Jaipur

Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

LONG STORY SHORT...

The 7 values discussed in this section define the core of Gen Z. These values are different from those of millennials. Marketers must recognize these differences, as relying on millennial insights won't lead to accurate conclusions about Gen Z.

Gen Z | Millennials

WHAT THEY FEEL?

WORLD'S TOUGH, BUT I REMAIN POSITIVE

Gen Z is **almost as optimistic as millennials** on economy, health and society

68% | 76%

% of individuals who are optimistic about the society, their health and finances

CONNECTED WITH MY INNER CIRCLE

Gen Z is **1.6X likelier** to take inputs from their close group of friends on what to buy/from where

81% | 50%

% Individuals who rely on their close group of friends for inputs on what to buy

WHO THEY ARE?

100% AUTHENTIC, ALWAYS

Gen Z is **1.4X likelier than millennials** to be **open about their insecurities with others**

69% | 49%

% Individuals who are open about their insecurities

EXCITED BY WHAT'S NEW

Gen Z is **1.4X likelier than millennials** to be **excited by what's new**

75% | 53%

% Individuals who are excited by changes across tech, looks, experiences.

VISUALLY INSPIRED

Gen Z is **1.4X likelier than millennials** to **favor immersive visuals in communications**

77% | 56%

% Individuals who favor immersive visuals

LONG STORY SHORT...

HOW THEY BEHAVE?

ACT ON CAUSES, DON'T JUST TALK

Gen Z is **2X likelier than millennials** to join protests for **causes they care about**

30% 15%

% Individuals who 'participate' in protests or marches

MAKE TRADITIONS MINE

Gen Z is **1.3X likelier than millennials** to **experiment with traditions**

67% 51%

% Individuals who experiment with traditions

SPEND SMARTLY

Gen Z is **1.5X likelier than millennials** to **conduct research before purchase** to make it count

71% 47%

% individuals who conduct a lot of research before buying

BRANDS MUST RETHINK THEIR STRATEGIES – MILLENNIAL TACTICS WON'T APPEAL TO GEN Z!

03

THE RIPPLE EFFECT

EVALUATING THE IMPACT OF GEN Z VALUES ON THEIR SHOPPING BEHAVIOR

IN THIS SECTION...

The Gen Z values hold significant sway over their purchase decision and impact the way they like to shop. These values manifest themselves in the kind of engagement they like to experience (visual), the people who they trust (genuine and authentic), and things that excite them (new trends).

Through immersion and primary surveys, we have identified 5 key traits of Gen Z shopping behavior that distinguish them from millennials.

01 **TRENDS OVER BRANDS**

02 **VISUAL IMMERSIONS ARE KEY**

03 **SHOPCIALIZING, NOT JUST SHOPPING**

04 **CREATORS ARE THE NEW SEARCH**

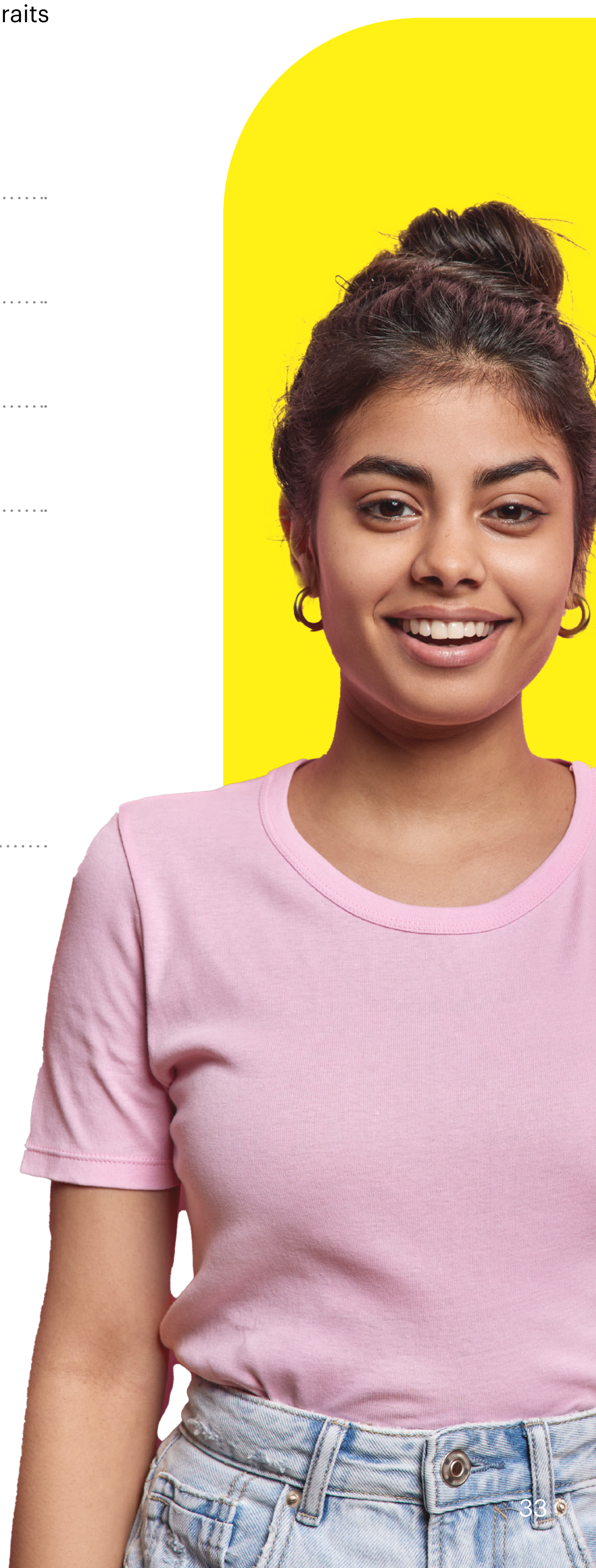
05 **TRULY PHYGITAL**

In this section, we understand each of these shopping behaviors. In addition, we also look at Gen Z journeys in 3 focus categories – fashion and lifestyle, beauty and personal care, and video OTT - to underscore nuanced micro-behaviors.

WHAT WE HEARD FROM MARKETERS...

"Everyone knows that Gen Zers are digital natives, is offline still relevant for this generation?"

"I see Gen Zers constantly immersed in their phones, even in stores – would be curious to know how the small screen shapes their shopping sprees."



FROM VALUES TO CARTS: HOW GEN Z'S BELIEFS ARE TRANSFORMING SHOPPING HABITS

Deeply Connected With My Inner Circle

100% Authentic, Always

Excited By What's New

Visually Inspired

Act On Causes, Don't Just Talk

Make Traditions Mine

Spend Smartly

Trends over Brands

Visual Immersions are Key

Shopcializing, not Socializing

Creators is the New Search

Truly Phygital

TRENDS AND VISUALS RULE GEN Z: IMMERSIVE EXPERIENCES ARE A MUST

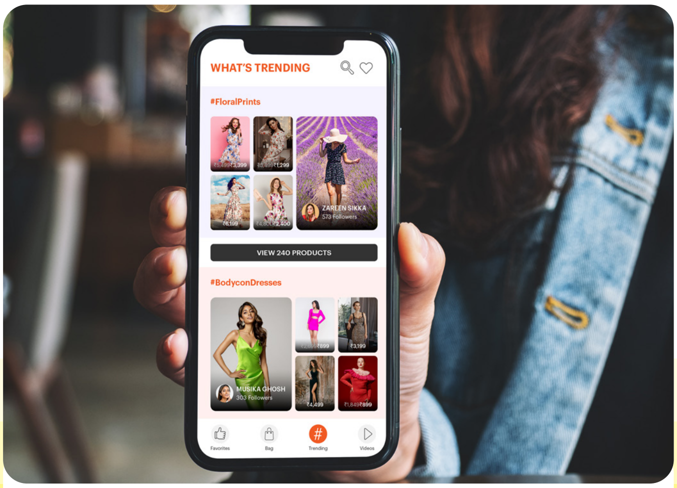
Gen Z's love for 'new' drives them towards trends while shopping as well. Across categories, they are much more driven by trends than by brands – thereby creating the need for brands to innovate and keep offering something new. Additionally, as attention becomes the new currency and Gen Z favors visually rich, immersive content, marketers must rethink their creative strategies to capture their interest through immersive visuals.

TRENDS OVER BRANDS

1.7X

Trends are 1.7X more important than brands to Gen Z

Compared to millennials for whom brands are 1.3X more important than trends



*"I love shopping for the **latest trends** – I am always on the lookout for them!"*

- Female, 23, Bengaluru

VISUAL IMMERSIONS ARE KEY

77%

Find immersive visuals (like lens, avatars) **more engaging**

As against 69% of millennials

*"Saw a brand's webpage - which turned my face into a potato-head. **I took over 70 pictures that day...it was hilarious!"***

- Male, 20, Goa

Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

GEN Z SHOPCIALIZES WITH FRIENDS AND CREATORS IN DISTINCTLY DIFFERENT JOURNEYS

Given the role of inner circles, Gen Z is constantly connected to their close group of friends and family members during shopping journeys. They also engage with creators a lot more as they find the recommendations from them more authentic. They tend to use creators' pages as the destination for both discovery and search.

SHOPCIALIZING, NOT SHOPPING

64%

Gen Z socialize (share snaps from trial rooms, video call) **with their inner circle while shopping**

Compared to 52% of millennials

"Shopping without my squad? Never!"

- Female, 19, Amritsar

CREATORS ARE THE NEW SEARCH

72%

Search on creator pages while purchasing products (like fashion, BPC)

Compared to 49% of millennials

"I look forward to discovering new brands on my favorite creator's page - if it's not there, it's not worth trying!"

- Female, 16, Pune

Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

GEN Z BLENDS ONLINE AND OFFLINE – BRANDS NEED TO KEEP UP

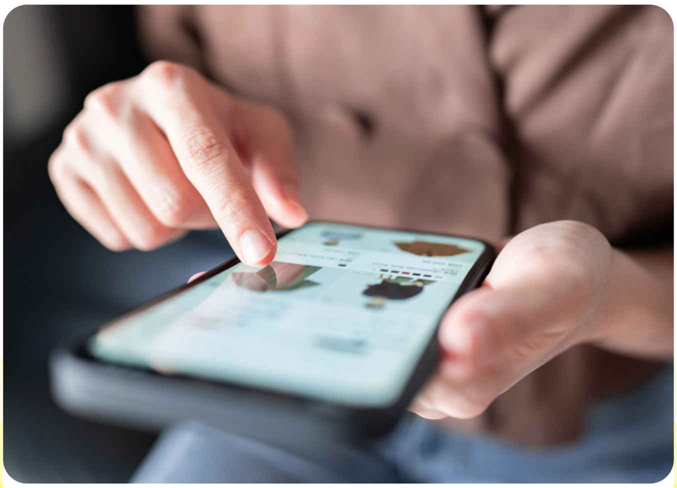
In their endeavor to be sure about their spends, Gen Z tend to take inspiration from and research across both online and offline channels seamlessly in their journey. Even though they are digital natives, they are very likely to start a journey online and complete the purchase offline or the other way around.

TRULY PHYGITAL

54%

Likely to be online (checking wish-list, creator pages) **while in store**

Compared to 32% of millennials



*"Whenever I like what someone is wearing, **I take a picture and reverse search it** on my favorite fashion site – it gives great suggestions!"*

- Male, 24, Patiala

Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

MEET KUNAL – ON A QUEST FOR THE LATEST TRENDS

Kunal is a 25 year old IT professional living in Bengaluru, working for an emerging fintech startup

"My wish-list is my look-book, you will find everything I like in there – it's like my own curated collection."

Watches a short video featuring 'Carpenter Pants'

Searches for it on his favorite creator's account

Gen Z **5X likelier than millennials** to search creators' pages before making fashion choices

Clicks on link in the creator's page; is taken to e-com website

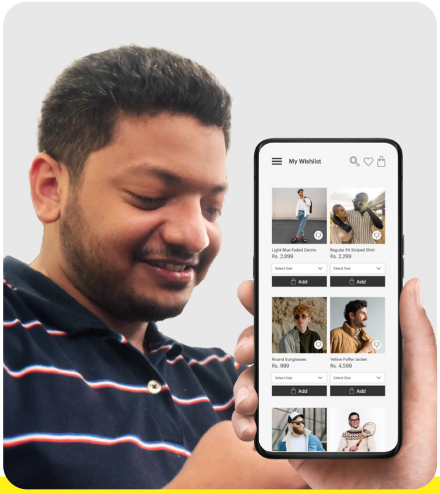
Adds pants to wishlist but decides to try it out in-store first

Gen Z **1.3X likelier** than millennials to add looks to wish-list

Visits the mall the following week, **opens wish-list to check trends he has added.** Looks for carpenter pants in store and finds them

Sends snaps to friends from trial-room, buys after the vibe-check!

65% of Gen Zers share snaps while in trial rooms and buy after endorsement from friends



Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

MEET AANYA – EXPLORING THE BEST IN BEAUTY

Aanya is a final year student studying B.Com at a prominent university in Pune

"I love trying new lipstick brands! I found a nice one recently and convinced my girl-gang to buy it – it was too good to miss!"

Comes across a new lipstick brand on a beauty discussion forum

Explores the brand on social media platforms and reads user feedback

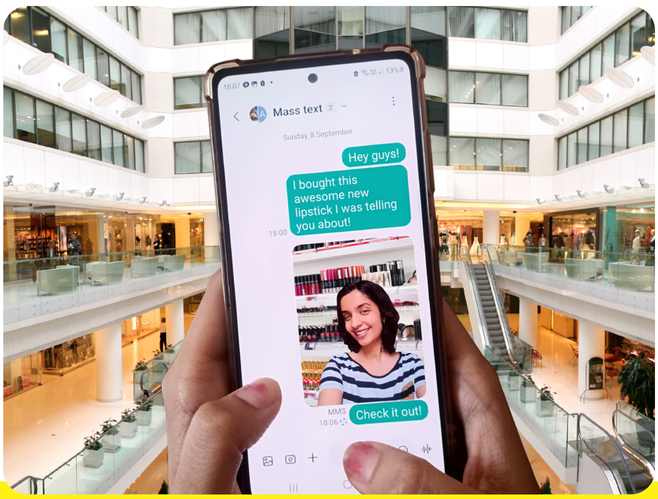
Goes to the brand website and tests shades with AR lens, shares pics with friends

Browses on other e-commerce platforms, places order once convinced

Loves the lipstick; **sends pictures to friends wearing the lipstick with 'fire' emojis**

Over 40% of Gen Zers love to use AR-lens while shopping for beauty products

Gen Z **2X likelier** than millennials to **advocate for/criticize** a brand **without being asked**



Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

MEET KETAKI – ALWAYS BINGING ON OTT HITS

Ketaki is an 11th grade student in KV Jamnagar who is preparing for JEE through online courses.

"My gang and I were inspired to do a group study session after watching Kota Factory – I wish we had Jeetu Bhaiya to teach us!"

Finds out about the new season of 'Kota Factory' through an AR lens

Wants to watch the show and convinces parents to subscribe to the platform where it was playing

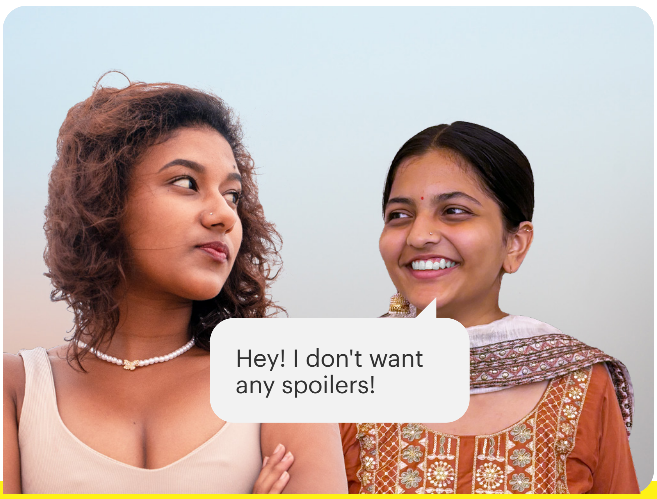
Finishes series and discusses it on prominent online forum

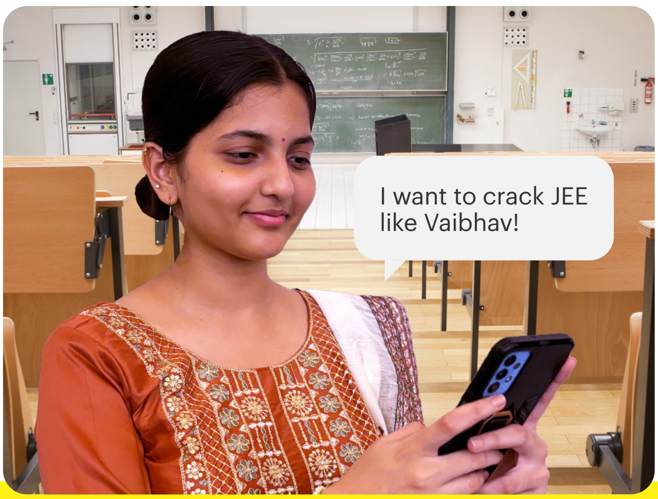
Decides to **ignore reviews while researching** - to avoid spoilers

73% Gen Zers deliberately skip researching, in fear of stumbling upon spoilers

Watches 'Kota Factory' twice **for its inspiring storyline**

Gen Zers 1.5X likelier than millennials to seek inspiring content (stories of struggles, grit)





Source: BCG survey with Gen Z (N = 900), BCG survey with millennials (N = 300), BCG analysis

LONG STORY SHORT...

01 5 key shopping behaviors stand out for Gen Z.

02 Shopcializing, not shopping: Gen Zers actively socialize with their inner circle while shopping. This is to discuss options, share visuals, and take opinions.

03 Trends over brands: Gen Zers are 1.7X likelier to prioritize trends over brands while shopping.

04 Creators are the new search: ~70% of Gen Zers use creators' channels as 'search destinations'.

05 Visual immersions are key: 77% Gen Zers find AR/immersive visuals more engaging while interacting with brands.

06 Truly phygital: Gen Zers straddle across online and offline channels seamlessly - 1 of 2 are on the phone while shopping in-store.

BRANDS NEED TO RETHINK THEIR PLAYBOOK AND SYNC UP WITH HOW GEN Z SHOPS!

04

RIDE THE TIDE

UNDERSTANDING WHAT IT TAKES TO WIN GEN Z OVER

IN THIS SECTION...

Gen Z is inarguably a strong force and will play a significant role in shaping the contours of the retail industry. Brands and marketers are at varying stages of readiness to act on this – while some are yet to recognise their full potential, there are others who have already embarked on a journey to harness this opportunity.

We conducted a survey across 30+ leading brands to understand 3 aspects that are critical in gauging the readiness of brands in terms of capturing this opportunity.

- **DO THEY RECOGNIZE THE POTENTIAL OF GEN Z AUDIENCE?**
- **DO THEY UNDERSTAND THE NUANCES OF GEN Z BEHAVIOR?**
- **ARE THEY ACTING ON GEN Z SPECIFIC STRATEGIES?**

The survey covered CMOs, Marketing heads, and brand managers from top brands across multiple categories. The results reveal that there is a lot more that brands can do to unlock this opportunity.

For each of the shopping behaviors we covered in previous section, brands must design specific strategies – we bring this to life through examples across India and beyond.

WHAT WE HEARD FROM MARKETERS...

"What interventions do I need to do to become more appealing to Gen Z?"

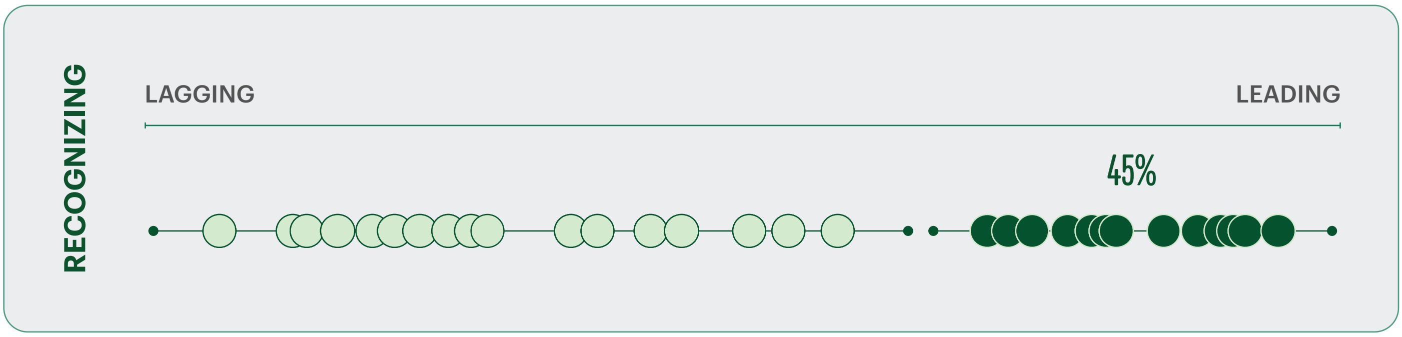
"It is a challenge to understand Gen Zers – given it seems that they evolve so rapidly. What is the best way to get registered with them?"

WHILE 45% OF BRANDS UNDERSTAND GEN Z'S POTENTIAL, ONLY 15% HAVE BEGUN TO HARNESS IT

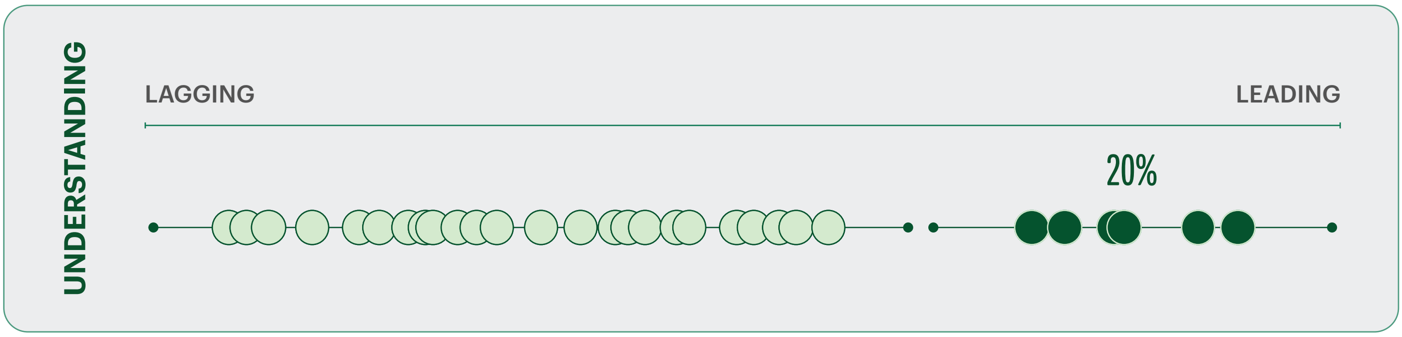
Our survey of 30 top brands reveals that many brands are just beginning to recognize Gen Z's potential. A small subset understands this group well, while even fewer have started adapting their marketing strategies and are seeing early results by tapping into Gen Z's potential.

(##) - Percentage of brands in the section   Each dot represents a brand

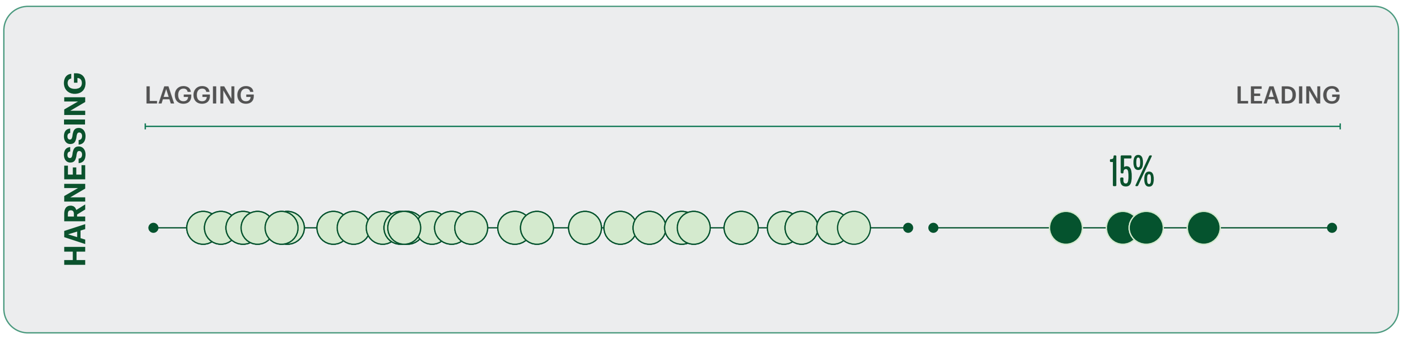
WHILE 45% OF BRANDS FULLY RECOGNIZE GEN Z'S ECONOMIC POTENTIAL...



...ONLY 20% TRULY UNDERSTAND WHAT DRIVES THEM...



...AND ONLY 15% HAVE BEGUN TO HARNESS THEIR INCREDIBLE POWER!



Sources: BCG Survey with brands (N=30)

IN THE WORDS OF THE MARKETERS ACROSS CATEGORIES...

RECOGNIZING

*"I am not sure how much Gen Z actually spends. They **have strong opinions,** value authentic brands, but are **at times limited by spending power"***

- Head of Marketing, D2C Food Brand

UNDERSTANDING

*"Our observation is that Gen Z consumers **have a sharp and astute understanding of value propositions.** They are harder to win with and **classical marketing approaches might not be enough.** Brands need to be up to date with their choices on content, media and propositions to keep pace"*

- CMO, Leading QSR Brand

HARNESSING

*"To attract Gen Zers, one must relate with them... they are very **visual.** We reimagined our trial-rooms to suit their visual-first behavior"*

- Co-Founder, Emerging Fashion Brand

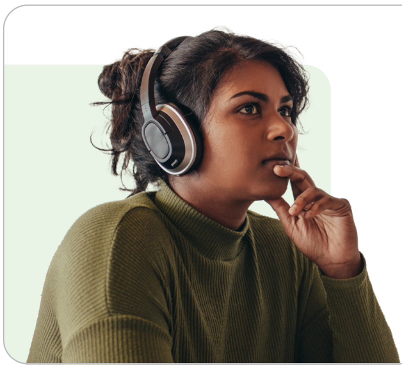
THE TIME TO ACT IS NOW!

With $860B of India's consumer spending driven by Gen Zers and high willingness among them to try new brands, there's a significant market potential to be tapped into. Additionally, there are very few brands targeting this powerful cohort, thereby offering proactive brands a chance to get ahead of the curve.

GEN Z HAS HIGH SPENDING POWER TODAY...

$860B

Of India's total consumer spending already impacted by Gen Z



...AND ARE OPEN TO TRYING OUT NEW BRANDS

76%

Gen Zers are open to trying new brands

HOWEVER, FEW BRANDS ARE TARGETING THEM

15%

Brands are adapting their marketing to target Gen Z

Sources: BCG Survey 2024 (N = 1,200), BCG Brand Dipstick 2024 (N = 30), BCG analysis

WHAT SHOULD BRANDS DO TO WIN OVER GEN Z?

BRANDS NEED TO ACTIVATE 5 KEY LEVERS TO WIN OVER GEN Z

#1
INNOVATE RAPIDLY AND STAY ON-TREND

#2
ENABLE ‘SOCIALISING’ THROUGH THE SHOPPING JOURNEY

#3
OFFER VISUALLY IMMERSIVE EXPERIENCES – DIGITALLY AND IN REAL LIFE (IRL)

#4
BUILD TRULY OMNI-CHANNEL PURCHASE EXPERIENCES

#5
ENGAGE WITH THE RIGHT INFLUENCERS, IN THE RIGHT WAY

INNOVATE RAPIDLY AND STAY ON-TREND

Brands need to rapidly innovate by focusing on three key strategies - **spotting Gen Z trends quickly, involving Gen Z in the design, and reducing the 'concept to shelf' timelines.**

Spot Gen Z trends

Be quick in spotting trends which are gaining traction with Gen Z audiences

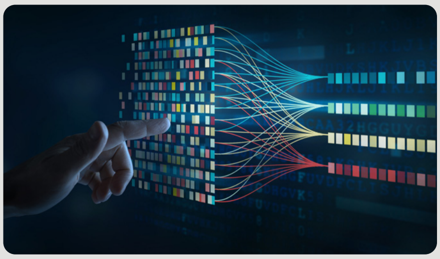
Co-create with Gen Z

Involve Gen Z in the design journey by actively iterating - ideating, testing, and refining

Crunch idea to aisle journey

Cut down the timeline by adopting agile project management techniques

CASE EXAMPLE: HOW AN ULTRA-FAST FASHION BRAND ADOPTED THE ABOVE ELEMENTS TO BECOME THE 3RD BIGGEST E-COMMERCE APP IN THE UK



Built large-scale social network data-mining tech to identify trends in real-time

Developed platforms for young, upcoming designers to collaborate and create new products

Released 1,500-2,000 new designs a day by micro-batching products

Built a large network of campus ambassadors; actively reached out to them for ideating and testing

Launched a global design challenge; winner's products were taken live into production

Optimized manufacturing and inventory through data-driven demand forecasting

MAU increased from **500K to 4M in 6 months** in the UK; **50-60% of these were Gen Zers**

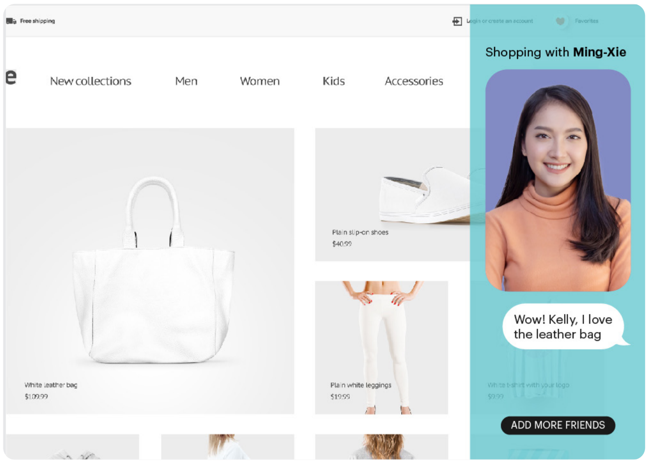
ENABLE SOCIALIZING THROUGH SHOPPING JOURNEYS

Gen Zers have a strong inner circle, comprising of their close friends and family who advice them on what and where to buy. Brands have started to **enable shopping with these close connections online and offline** through the novel concept of 'Shopcializing' – leading to rapid growth.

SOCIAL SHOPPING ON E-COMMERCE PLATFORM

Chinese fashion player allows visitors to shop along with their friends on its website. This is enabled through a chat interface enabling people to share options and get real-time reactions from friends.

This integration helped the brand boost product page views by over 75%



COMMUNITY SHOPPING IN OFFLINE STORES

Canadian athletic apparel brand has built community spaces in their stores where they host fitness events and workshops. People attend these events with friends and enjoy the opportunity to shop together. They also post experiences live on social media.

Strong traction of these stores enabling revenue growth of 20-25% in the last year

Source: BCG analysis

OFFER VISUALLY IMMERSIVE EXPERIENCES – DIGITALLY AND IRL

Brands need to fulfil Gen Zers' thirst for 'see it, snap it, and share it' by creating visually immersive experiences from screen to real-life surroundings. While Indian brands are already experimenting with pop-up stores, photo-booths/spots – there is much more on the **spectrum of driving visual immersion.**

IN-APP GAMIFICATION

Major coffee brand launched a challenge where stickers were awarded after completing the levels of the game launched by brand

01 Improved customer engagement metrics in target countries

EXPERIENTIAL STORES

Beauty player set up pop-up stores with rooms mimicking iconic, picture worthy places which Gen Z love and share widely

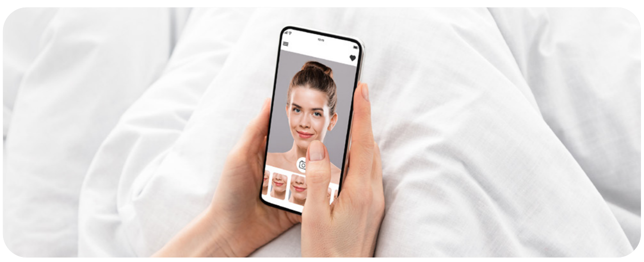
04 Pop-up stores see 1.2X higher conversion rates

From screen... ... to surround

CUSTOM AR LENSES

Beauty players developed personalized AR lens in collaboration with a visual communication platform to push trending SKUs to target customers

02 This AR lens accounted for 5% of the website traffic in 4 weeks



AR + INTERACTIVE ACTIVATION

India's leading fashion e-Commerce portal partnered with a visual communication platform to build AR-lens allowing users to predict deals

03 The brand achieved 22x ROAS[1] on the campaign with ~68M impressions delivered through the AR lens

1. Return on Ad-spend

Source: Press Search; BCG analysis

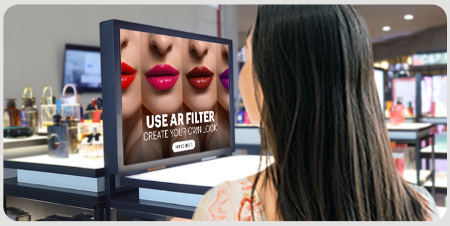
BUILD TRULY OMNI-CHANNEL PURCHASE EXPERIENCES

Over the last few years, many brands have built multi-channel presence. This has often implied presence across online and offline channels with limited integration. Given how Gen Z shops, there is a need to evolve from there to a truly omni-channel experience wherein there is a single view of consumer available across channels.

	MULTI-CHANNEL	PARTIAL OMNI-CHANNEL	TRULY OMNI-CHANNEL
Presence across multiple channels	✓	✓	✓
Straddling across channels possible for select journeys (e.g. order online, return in store)	✗	✓	✓
Single view of Gen Z available across all channels to make it completely seamless, insights from other channels used to recommend smartly	✗	✗	✓

CASE EXAMPLE: HOW TRUE OMNI-CHANNEL FOCUS HELPED A US BEAUTY RETAILER BECOME THE 'MOST PREFERRED' CHOICE FOR GEN Z

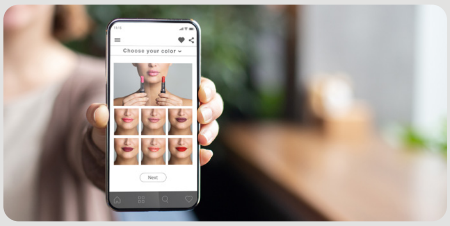
Gen Z can view looks curated online via screens in-store



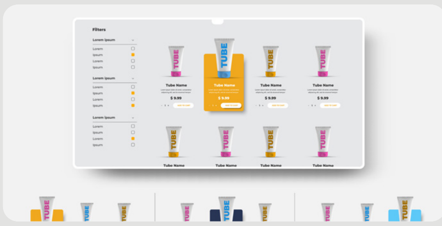
AR-try on screens, with AI to suggest right shades and type

Store-staff recommends using past-behavior online/offline

Staff creates a digital log of products used for "look" for future reference



Consumer can modify look later via brand-app



Consumers can order online, pick up in-store/curbside

4-5X growth in revenue from cross channel consumer (v/s only in-store consumers)

Source: BCG analysis

ENGAGE WITH THE RIGHT INFLUENCERS, IN THE RIGHT WAY

Creators are key influencers for Gen Z, shaping their opinions and purchasing decisions through authentic, relatable content. They are often the more trusted voices over traditional advertising. In order to leverage them well, brands need to think of them as a portfolio – engaging different type of influencers for different brand objectives.

BUILD AND NURTURE 'INFLUENCER MIX' AS PER FOLLOWING GRID

	Fire-starters	Promoters	Allies	Partners
Brand Objective	Spark publicity	Build Reach	Drive Engagement	Grow Branding
Look for creators with...	Cultural Capital	Follower Size	Cost-efficiency	Brand-fit
Creator Size[1]	Celebs (Mega)	Rising Stars (Macro)	Rookies (Micro/Nano)	Authentic (KOLs) (Micro)

Case example: How an MNC F&B brand in China popularized hyper-local flavors of snacks through a "portfolio-of-Influencer" approach to marketing

01 Created a Portfolio of Influencers

The brand used a mix of macro-influencers, celebrities, and micro-influencers for optimal **reach and engagement.**

02 Continuously measured traction

The brand used data from the creators' videos to retarget consumers with tailored content boost awareness.

03 Grew awareness through nano-creators

Nano-creators shared hometown flavors, stories and aspirations, deepening their connection with the brand.

The campaign resulted in a reach of 4-4.5B and creation of 600-700K videos by consumers

1. Follower size by terminology: Nano (~2K – 10K), Micro (10K-100K), Macro (100K-250K), Mega (1Mn+)

WE HAVE CREATED AN AGENDA FOR BRANDS...

01 INNOVATE RAPIDLY AND STAY ON-TREND

- ☐ Build strong trend spotting capabilities (team and technology platforms) - including partnerships with Gen Z native platforms for picking early trends.
- ☐ Develop mechanisms to involve Gen Z in the innovation process – generate ideas with them, test and incorporate feedback.
- ☐ Adopt virtual prototyping to speed up the concept to shelf process.
- ☐ Re-think operational models (e.g., Micro-batching) for faster time to store/ listing.

02 ENABLE 'SOCIALIZING' THROUGH SHOPPING JOURNEYS

- ☐ Understand Gen Z journeys and identify points where social interactions are most valuable.
- ☐ Identify platforms mostly used in such interactions and evaluate opportunities to integrate them seamlessly into the experience.
- ☐ Actively provide opportunities to interact with the brand through the journey – make shopping more conversational.

03 OFFER VISUALLY IMMERSIVE EXPERIENCES – DIGITALLY AND IRL

- ☐ Define the list of immersive experiences (lenses, AR, user generated content among others) most relevant in context of your category.
- ☐ Evaluate effectiveness through rapid tests and design for the target Gen Z engagement.
- ☐ Partner with experts in immersive visual media – to design and execute end to end.
- ☐ Keep refreshing – constantly bring new and more engaging content to Gen Z.

...TO TARGET GEN Z EFFECTIVELY ACROSS 5 LEVERS

04 BUILD TRULY OMNI-CHANNEL PURCHASE EXPERIENCES

- [ ] Understand Gen Z journeys and design target journey you want to offer.
- [ ] Establish presence across various channels to deliver on the target journey.
- [ ] Create a single view of consumers using a robust CRM across channels.
- [ ] Actively think and plan to manage channel conflict – provide transparency about products and prices across channels.
- [ ] Develop the required technology backbone (analytics capabilities, digital interfaces in the store, etc.) to best leverage the power of omni-channel.

05 ENGAGE WITH THE RIGHT INFLUENCERS, IN THE RIGHT WAY

- [ ] Make use of influencers as key in the context of co-marketing activities with platforms to increase brand awareness.
- [ ] Approach new customers via a large panel of influencers who touch different customer profiles.
- [ ] Evaluate influencers/ communities most relevant for your category – based on their effectiveness with Gen Z audience (keep Gen Z values in mind).
- [ ] Design ways to leverage influencers to create maximum impact e.g. doing exclusive launches through them, getting them to create looks, providing reviews among others.
- [ ] Establish partnerships to identify and manage the right mix of influencers - of varied size and type.

SURVEY METHODOLOGY

SURVEY 1: INFLUENCE POWER

Objective

To understand the influence of Gen Z in household spends across 18 categories

Sample Details	
Target Group	Parents of Gen Z (13-27 years)
Household Income	Next Billion, Aspirers, Affluent, Elite
City Tier	Metro, Tier 1, Tier 2, Tier 3
Sample Size	1000

SURVEY 2: VALUES AND BELIEFS

Objective

To understand the fundamental values and beliefs that shape Gen Z; and understand how they are distinct from Millennials

Sample Details	
Target Group	Gen Z (13-27 years), Millennials (28-43 years)
Household Income	Next Billion, Aspirers, Affluent, Elite
City Tier	Metro, Tier 1, Tier 2, Tier 3
Sample Size	1200

SURVEY 3: PURCHASE BEHAVIOR

Objective

To understand the purchase behavior of Gen Z and Millennials in 3 focus categories - Beauty/Personal Care, Fashion, and Video Streaming Platforms

Sample Details	
Target Group	Gen Z (13-27 years), Millennials (28-43 years)
Household Income	Next Billion, Aspirers, Affluent, Elite
City Tier	Metro, Tier 1, Tier 2, Tier 3
Sample Size	1200

SURVEY 4: BRAND SURVEY

Survey of top 30 brands across prominent 10+ categories was conducted. Survey participants included top CMOs, Brand Leaders and marketers across the diverse industries.

Note: Samples for all surveys are representative of all India urban universe
Next Billion: INR 3-5 lakh per annum. ; Aspirers: INR 5-10 lakh per annum, Affluent: INR 5-10 lakh per annum; Elite: INR 20 lahk+ per annum

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Snap is a technology company. It has revolutionized how people communicate and share moments, discover local stories, and create immersive augmented reality experiences. Snapchat's innovative approach to visual communication has made it a pivotal platform for interaction, entertainment, and content creation.

In India, Snap Inc. has over 200 million monthly active Snapchatters, making it one of the company's leading global growth markets. Snap's commitment to democratizing the use and creation of Augmented Reality (AR) resonates strongly with Indian Snapchatters, 80% of whom engage with AR lenses daily.

For more information, visit snap.com.

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