

Seizing the opportunities presented by China's singles economy

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What is the singles economy?

China has a huge population of singles. The number of single adults in China exceeded 240 million in 2019 and is expected to increase to a whopping 400 million in the future.

Several factors have contributed to the rise of the singles economy. Marriage, for example, means greater responsibility and obligations. At the same time, young people are faced with increasingly fierce competition as they become more educated and economically advanced. As a result, more effort is required to find a quality partner, support a family financially and provide education for children. For many, these factors have contributed to the postponement of marriage and childbirth. It is also worth noting that there are more well-educated women of marrying age than their male counterparts. This gap has widened in first-tier cities, where well-educated, well-paid single women have higher expectations for the men they want to marry while, on the other hand, many successful men prefer younger and less ambitious women.

Modern technology also provides young people with varied social experiences. Unlike older generations, who would find themselves lonely without a partner to share their life with, youngsters nowadays can socialise with friends they meet in different circles and groups, or even strangers and acquaintances in virtual worlds, to meet their emotional needs.

While women play a crucial role in the singles economy, single male consumers are also an important element of the equation, and their consumption of skin-care products, cosmetics, electronics, luxury goods and fitness goods and services is on the rise.

In addition, the singles economy has spread from large cities in developed countries to lower-tier cities. Nowadays, many young people are relocating from large cities back to their hometowns to experience a lifestyle featuring more spare time, less stressful work, and a lower salary, but higher disposable income. They have fuelled the creation of a huge consumer market for visually attractive, cost-effective and user experience-friendly goods and services.

02 Consumer characteristics of single Gen Zers

The consumption pattern of young singles mirrors the era they live in.

Gen Zers who were born as digital natives are accustomed to finding and absorbing information and making informed choices. Therefore, they tend not to base their purchase decisions simply on brand names. Instead, internet-savvy Gen Zers are more likely to research products and are more susceptible to what the key opinion leaders (KOLs) and key opinion customers (KOCs) have to say about them.

Young singles also tend to focus on experience-oriented consumption and cultural assets, instead of showing off their material assets. For young people, conspicuous consumption is no longer about expensive jewellery or luxury watches, but goods that carry certain social value and can convey one's cultural capital, like high-priced eco-friendly bags made of recycled materials or a bottle of high-end red wine. They tend to identify

themselves in relation to “culture circles” and accrue assets relevant to social networking.

The ways young singles socialise with one another have also changed. In contrast with popular misconceptions that young singles today are homebound and refuse to hang out with friends or go on dates, many still seek social and emotional experiences. This trend has led to a host of new services, like murder-mystery games, social media and social apps.

Lastly, many young people exhibit a different understanding of money and consumption compared to their parents. The traditional approach to family finances emphasises saving, planning ahead and spending within your means. In contrast, single consumers nowadays do not have immediate plans for marriage and raising children, and thus have significantly more disposable income and are willing to use credit. Many are also familiar with personal finance, investing their money in the stock market and mutual funds.



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Opportunities and challenges presented by the singles economy

The singles economy has spawned a number of new consumption trends. The first is the single-person lifestyle, to meet their needs such as eating alone, traveling alone and watching movies alone. To cater to these consumers, food packages have become more compact and furniture and home appliances now come in smaller sizes (all intended for single-person use cases).

The second trend is the increased need for socialising. With more disposable income and free time, young singles are eager to engage in and pay for various kinds of experiential consumption – including board games, murder-mystery games, social apps and dating sites – which serve their socialising needs.

Elderly care is another area with tremendous growth potential. The one-child policy has left many young couples and singles with the significant burden of caring for their aging parents. Meanwhile, they have to plan for their single life and prepare for their own retirement.

Single consumers have also given rise to new opportunities in the personal development segment. As a result of postponing marriage and childbirth, many single consumers have time and financial resources to indulge in consumption for pleasure, as well as for personal growth, such as planning their career, broadening their horizons and building up their knowledge base.

In addition, the demand for pet-related products and services is also on the rise, as many consumers today see their pets as family (a typical example of psychological transference), further driving demand for a host of new products and services.

Despite these opportunities, the singles economy also presents numerous challenges, the biggest of which is the change in China's demographic structure. The growing number of young singles has contributed to a sharp drop in births, which will further exacerbate the aging problem and increase pressure on elderly care.

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Business tactics for thriving in the singles economy

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Companies must ensure their product designs cater to the single lifestyle scenario or meet the socialising and emotional needs of Gen Z.

In addition, more experience-focused

products, services and platforms are needed to meet young people's need for socialising and dating. Board games and murder-mystery games that offer immersive experiences are already catching on, while social and dating apps showcase great growth potential.

It is also crucial for brands to hone an in-depth understanding of young people's needs and their forms of expression in the digital age, and take a holistic view of single consumers' lifestyles beyond their preferences and behaviours when purchasing products.

Many beauty industry customers, for example, are eager to whiten their skin and lose weight in order to meet a deeper need of becoming more attractive on a date, landing a better job or improving their social status. With this in mind, businesses should analyse consumer preferences to enhance the competitiveness of their products and services.

Finally, the singles economy has widened the gap between male and female products (as gender differences tend to be more obvious before marriage). Young men are more aggressive and eager to be in control and achieve social status. These unfulfilled needs could be met via games, through competition and rankings. In contrast, young women enjoy more emotional connections and social interaction. These gender differences are exemplified in the different product designs of Chinese social media platforms such as Hupu and Xiaohongshu, which cater to male and female users, respectively.