

The Rise of China's Solo Economy: Analyzing Social Changes, Consumption Habits, and Business Opportunities

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Abstract: China's changing family dynamics, as reflected by the 7th National Population Census, highlights a decline in average household sizes and an upsurge in single adults. This shift is ushering in the "solo economy," emphasizing the economic influence of one-person households. Key drivers include the prohibitive costs of marriage, evolving gender roles, and technological advancements offering varied lifestyle alternatives. Notably, Generation Z, now the primary single demographic, showcases unique consumption behaviors. They lean towards individualism, prioritize experiences and sustainability, and are significantly influenced by online interactions. This evolving consumer landscape necessitates businesses to recalibrate their marketing and product strategies, targeting this burgeoning segment.

Keywords: Solo Economy; Generation Z; Consumption Behavior; Business Opportunities

1. Introduction

Past few decades has witnessed the change in the family structure and social relations. According to the 7th National Population Census, China's average household size was 2.62 members, compared to 3.44 members in 2000. According to the data compiled by National Bureau of Statistics of China, there are currently more than 240 million single adults in 2021, of which the number of solo dwellers has exceeded 100 million. Based on data from China's Ministry of Civil Affairs, the number of marriages in 2022 was 6.833 million couples, marking the ninth consecutive year of decline. Compared to the peak of 13.469 million couples in 2013, the number has nearly halved. Such an ever-increasing population of singles has fueled the growth of China's "solo economy", a term coined to describe the growing economic contributions of one-person households. It first outlines the reasons for the rise of the "solo economy". Next, this article figures out the consumption habits of the singles. Third, this article introduces the consumer trends and then identifies potential business opportunities for brands to seek out.

2. The rise of the "solo economy"

The rise of the "solo economy" can be attributed to such societal factors as rising costs of marriage, changing status of women and richness of life brought by modern technology. First, the high cost of marriage is evident in China, subtly emerging as an invisible chasm separating the wealthy from the less affluent. Setting aside expenses such as dowries and wedding ceremonies, just the cost of housing alone is enough to deter many young individuals. For many Chinese, a house is not merely a prerequisite for settling down and marrying but is also intrinsically linked to various benefits like household registration and children's schooling. When comparing housing costs to the earnings of the majority, it might require more than a generation of continuous effort from those in the wage-earning class. From this perspective, the growth of the single population reflects the fact that marriage in modern society is becoming increasingly uneconomical.

Second, the mismatch in terms of quality and quantity between men and women in the marriage market leads to involuntary singlehood. Survey results in 7th National Population Census indicate that men outnumber women by 1.05 to 1, which means some men are meant to be single. However, the surplus of men does not make it easier for women to find a decent partner. Benefited from the One-Child policy implemented in 1979, girls especially in metropolitan cities, being "the only child" in the family, have received unprecedented increase in attention and financial support from their families to achieve academic and professional accomplishments^[1]. Given the conventional mate-selection pattern in which women tend to marry more superior men, such high-quality women either reject or are rejected by men who are inferior in physical attraction, earnings and social status, etc. As a result, societal pressures and traditional expectations are increasingly being challenged, leading to a more profound acceptance of singlehood and further propelling the growth of the solo economy.

Third, the popularity of single households stems from the richness of modern society, where the utility of a family is no longer exclusively monopolized by marriage. To combat the uncertainties of a risky society, family structure provides such functions as daily meals, buying a home, raising children, providing care during illnesses, and companionship in old age, in past eras. However, today, through the efforts of industries related to insurance, healthcare and elder care, many of these functions have been outsourced to a large extent. Modern technology has also provided young people with numerous ways to spend their alone time and thus finding a marriage partner is not the only lifestyle. The Internet-savvy, young and affluent generation can choose to consume videos and music, play video games and shop online. Meanwhile, social media and messaging apps enable people to stay connected even without the need to meet up in real life. The on-demand communication helps to reduce sense of loneliness and meet their emotional needs. In some sense, a life partner is more a free choice than a compulsion or necessity.

3. Consumption habits of the singles

Generation Z, who were born from 1995 to 2010, is now becoming the main force of the single population in China. Such digital natives show commonalities in consumption behavior. They are characterized with following traits: a tendency to outspend their budget, preference for customized products and services and dependence on word-of-mouth communication^[2]. This generation has mostly been born into relatively wealthy families and does not have long-term saving plan for family. Their access to Internet financial services such as Ant Financial's Huabei and JD.com's Baitiao card (similar to virtual credit card) enables them to make purchases they would not otherwise be able to afford. Gen Z consumers also opt for tailored products and services that express their individual identity. They value more than just quality, but also shopping experience, personality, sustainability and social significance. Besides, well-educated Gen Z consumers are enthusiastic about conducting research, sharing opinions and interacting online. This explains why product reviews on social media and sharing posts from friends or family remain influential and powerful when it comes to purchase decision. This new landscape of consumer behavior amongst China's Generation Z is shaping the way businesses approach marketing and product development.

4. Consumer trends under “solo economy”

Given the consumption pattern of Gen Z consumers, new consumer trends come into existence. Firstly, small-scale and refined home appliances such as miniature-looking rice cooker and mini washing machines cater to the demands of those who live alone^[3]. Secondly, being single does not necessarily mean that young people do not have social needs. On the contrary, they have more disposable time and income to invest in their social life. A higher level of participation and willingness to pay can be found in recent popular networking events such as camping, murder mystery games, flying disc. Gen Zers also find joy in city walks to explore urban culture, indulging in leisurely brunches with friends and planning exciting gap days for self-discovery. Thirdly, apart from self-pleasing consumption, vocational education and skills training are also coveted by the singletons as a consumer group. Having postponed their marriage and childbearing age, this generation may invest their time and money in professional growth and self-improvement courses in order to increase earnings. In addition, pet economy booms derive from the demand for fur babies as a result of delayed marriage and parenthood for the millennials. Young people regard the pets as their family members and sometimes even their furry children. It is estimated that the China's pet market would reach 446 billion yuan by 2023, more than 6 times of that in 2015^[4].

5. Business opportunities for brands

Given the rise of single-person households, there is a noticeable preference for products and services tailored to individual needs. Brands can stand out by offering products that resonate with this demographic. Designing appliances that are compact, suitable for smaller living spaces, or crafting single-serving food portions reduce waste and cater directly to the lifestyle of the single. As lifestyles evolve, so do the services that cater to them. Click-and-mortar retailers should provide a convenient “one-stop shopping” service to help the solitary customers save money and opportunity costs, thereby enhancing customer loyalty^[5]solitary households are growing along with low marital rates and birth rates under high economic pressure. Because of these population changes, malls must provide good quality service to meet the

specific needs of solitary households and social households. The paper aims to discuss this issue. Design/methodology/approach In this study, relationships among service quality, customer satisfaction (CS. Personalized shopping experiences, curated subscription boxes, or specialized leisure and entertainment packages can offer a tailored experience that resonates deeply with individuals living on their own. The trend of solo living has been accompanied by an increase in pet ownership. Recognizing this, retailers can tap into the burgeoning pet market, launching everything from premium pet foods and accessories to specialized services such as grooming, training, and pet-friendly travel packages.

Moreover, brands need to understand the needs of young people and their manifestations in modern technology. It is essential for the companies to gain insights into their lifestyle rather than just their consumption behavior and preference. Companies can invest in developing products, services and platforms to meet the social needs of young people who prefer immersive experience. The idea and trend of staying single can also be applied in marketing. A case in point is Singles Day, also known as Double 11, on which promotions and discounts are carried out. Another is that many brands market through championing the concept of self-care and consumption upgrade despite being single and living alone. Today, however, more effort should be put into enhancing product experiences to care for the singles' need. For instance, the domestic brand Xiaomi has been focusing on designing smart home products that enhance the living experience for singles, offering tailored solutions that cater to their specific needs and preferences.

In addition, the problem of a declining and aging population is arising under the solo economy. China's population declined in 2022 and this drop happened for the first time since the early 1960s^[6]. The consequence of a low birth rate is self-evident. Hence, both enterprises and the society should be involved in enabling the singles to enjoy and grow in a sustainable manner during this life stage and also to withstand risks late in life. Individual pension business was already launched by a few banks and wealth institutions in order to supplement private pension scheme^[7]. Apart from self-pleasing products and services, more capital can be invested in personal development and lifelong learning related industry, through which young people can not only enrich their life but also enhance the ability to resist risks financially.

6. Conclusion

Granted that the rising number of the singles dooms certain industries to decline, but it also brings new business opportunities through which brands and retailers can seize and make a fortune. Brands and retailers should gain deep insights into the fundamental needs of young people and the way in which their demands can be met in the modern technology. This requires business to perform comprehensive investigations into the lifestyle of single consumers rather than simply to perceive their preference and behavior when consuming their own products. By embracing this emerging market trend and understanding the multifaceted lifestyle of single consumers, businesses can innovate and create personalized solutions that not only cater to this demographic but also drive economic growth. The rise of the single economy is not a challenge to be feared but an opportunity to be seized, reflecting a dynamic and evolving marketplace ready for those willing to adapt and thrive.

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