

The Business Opportunity You Cannot Afford to Ignore

\$2.7T spending power today · \$12T by 2030 · 25% of global population

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\$2.7T	Current spending power (2024)	\$12T	Projected by 2030 (Bank of America)
25%	Of global population Largest generation	\$36T	Income by ~2028 (projected)

This is not a trend report. This is a strategic brief on the generation that is reshaping every market, every platform, and every consumer behaviour you think you understand.

Who Is Generation Z?

Born between 1997 and 2012. The first generation to grow up entirely with smartphones. They didn't adapt to the internet — they were born inside it. They don't see online and offline as separate worlds. For them, it has always been one world.

They are 25% of the global population — the largest living generation. The oldest are now 28 and entering their peak earning years. The youngest are 13 and already forming brand preferences that will last decades. Every business that wants to exist in 2030 needs to understand them now.

Fact	Data
Born	1997 – 2012
Age range (2026)	14 – 29 years old
Global population share	25% — largest generation alive
US spending power (2026)	\$360 billion — up from \$143B four years ago
Global spending (2024)	\$2.7 trillion
Projected by 2030	\$12 trillion (Bank of America)
Projected by 2028	\$36 trillion in total income
Daily screen time	6 hours 27 minutes on smartphone

The Spending Power Shift

The numbers are not a prediction. They are already happening. Gen Z's share of consumer spending has more than doubled in five years.

6.1%	Gen Z share of US CPG spending in 2025 Up from 2.6% in 2020 — more than doubled in 5 years
32%	Millennials + Gen Z share of total consumer spend Up 8 points since 2020. Boomers dropped nearly 10 points.
25.5%	Gen Z entertainment spending growth YoY Bank of America aggregated card data — discretionary categories
39%	Gen Z households feeling 'better off' than last year Most optimistic generation — vs 19% of Boomers
59%	Expect their financial situation to improve by end of 2025 Higher than any other generation

The Psychology of Gen Z — How They Actually Think

Understanding what Gen Z buys is less important than understanding why they buy. Their psychology is fundamentally different from every generation that came before them. Here is what the data shows.

01 Authenticity is non-negotiable

73% of Gen Z can identify paid sponsorships even when not disclosed. 68% report decreased trust in influencers who promote too many products. 86% prioritise authenticity when choosing a brand. They have a finely tuned radar for anything that feels performed or manufactured. The moment they sense inauthenticity — the brand is finished with them.

02 They trust people, not brands

80% of Gen Z trust online reviews as much as personal recommendations. They research Reddit threads, Discord groups, and YouTube comments before buying. User-generated content from everyday people outperforms polished brand campaigns consistently. The brand voice means less than the peer voice.

03 Values alignment drives loyalty

30% actively research a company's environmental policies before buying. Nearly 80% say it's important for brands to address diversity and inclusion. They will switch brands over ethical misalignment and they will post about it publicly. But they are forgiving if a brand takes real accountability when it makes a mistake.

04 They are strategic shoppers, not impulse buyers

They cut overall spending by 13% in early 2025 — but they reallocated, not retreated. 43% use social media to discover gifts. 39% use it to research. 32% use it to compare before purchasing. They are deliberate. They research before they spend. The path to purchase is non-linear — discover on TikTok, compare on Reddit, buy in-store.

05 BNPL is their payment model

Gen Z accounts for 30.2% of US Buy Now Pay Later users. They have normalised deferred payment as a standard consumer behaviour — not a sign of financial stress but a tool for managing cash flow intelligently. If your checkout does not offer BNPL, you are creating friction that costs you conversions.

06 Social media IS the search engine

43% of Gen Z start product searches on TikTok, not Google. 89% are on Instagram. 84% on YouTube. 82% on TikTok. They don't find brands through ads. They find them through content. The discovery, the social proof, and the purchase path all happen inside the same scroll.

Where Gen Z Spends Money Online

These are the six categories driving Gen Z online spend — ranked by growth and relevance to your business.

Category	Key Data
#1 Fashion & apparel	Fastest growing online segment. 82% plan to buy cheaper 'dupe' alternatives. 63% seek vintage or upcycled. 1.5% share gain over all other age groups in Q4 2024.
#2 Subscriptions	Average 6.8 subscriptions per Gen Z consumer. \$940/year — 26% more than the US average. Music (59%), gaming (46%), video streaming (56% hold 3+ services).
#3 Gaming & in-game	\$147/year average in microtransactions. 36% more likely to buy in-game content than average. 42% highest gaming subscription rate of any generation.
#4 Beauty & personal care	TikTok-driven, creator-validated. AR try-on tools now mainstream. Brands with authentic mental health messaging outperform generic ones significantly.
#5 Entertainment	\$157/month average across all entertainment. Prefer creator content over studios. 50%+ churn on streaming services — cancel and return cycles dominate.
#6 Social commerce	Over 50% bought something on social media in 2024. TikTok Shop projected at \$23.4B in US sales in 2026. Discover and buy happens in one scroll.

How to Use This in Your Business

Knowing who Gen Z is and what they spend on is only useful if you can act on it. Here are the six shifts your business needs to make.

1

Stop advertising. Start creating.

Gen Z does not respond to ads. They respond to content. If you are still allocating most of your marketing budget to paid ads without a content strategy, you are spending money on a channel this generation ignores. Build a content presence first. Then amplify with paid.

2

Find your creator partner, not a celebrity.

73% of Gen Z can spot undisclosed sponsorships. They trust micro-creators with loyal niche audiences more than celebrities with millions of followers. One creator with 8,000 deeply engaged followers in the right niche will outperform a macro-influencer campaign every time.

3

Make mobile and BNPL non-negotiable.

68% of Gen Z prefer mobile shopping. 30.2% use BNPL as their primary payment method. If your checkout is not mobile-optimised and does not offer BNPL, you are creating friction that costs you conversions with your highest-growth customer segment.

4

Be specific about your values — then prove them.

30% research your environmental policies before buying. Nearly 80% care about diversity and inclusion. Generic sustainability claims get dismissed. Specific, verifiable commitments get rewarded. Don't say you care. Show the evidence.

5

Treat TikTok and Instagram as search engines.

43% of Gen Z search for products on TikTok before Google. Your SEO strategy is incomplete if it does not include social content optimised for discovery. Appear in their feed before they know they need you.

6

Build for the social commerce moment.

The discover-to-purchase journey is collapsing into a single scroll. Your content needs to carry enough trust and information that someone can go from discovery to decision without leaving the platform. The brands that figure this out in 2026 will be untouchable by 2028.

The Bottom Line

Gen Z is not the future. They are the present. They control \$2.7 trillion today and \$12 trillion by 2030. They are entering their peak earning years right now. Every business that wants to be relevant in 2030 needs to understand them, respect their psychology, and build the systems to reach them. The window to get ahead of this is not forever. The brands and businesses that figure it out in 2026 will be impossible to displace by 2028. What are you building for them?

Compound Strategy helps businesses and creators build the brand, content, and digital systems that connect with the generation reshaping the economy.

Data sources: Bank of America Institute 2025, PwC Consumer Insights 2025, NielsenIQ 2025, Numerator Generations Hub 2025, Revenue Memo 2026, eMarketer 2025, Morning Consult 2025. This ebook is for informational purposes only. Compound Strategy accepts no liability for business decisions made based on this content.

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