

Withdrawal from consumption: Generation Z's new consumption ethics, its causes, and economic implications

Tüketimden uzaklaşma: Z kuşağının yeni tüketim ahlakı, nedenleri ve ekonomik yansımaları

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Abstract

At the dawn of the twenty-first century, global consumer culture is undergoing a structural transformation driven by the markedly different preferences of Generation Z, the cohort born between 1997 and 2012. This study examines that transformation by tracing it from the historical foundations of consumption theory to its present manifestations, explaining it through the interlocking dynamics of income inequality, climate anxiety, digital fatigue, and value-based identity construction. Drawing on a critical literature review and conceptual synthesis, the study demonstrates that Generation Z's withdrawal from consumption is not merely an economic response to financial constraints but also a deliberate ethical stance, an identity declaration, and a collective act of cultural positioning. The study's central theoretical argument is that withdrawal from consumption constitutes a motivationally layered identity-forming act in which economic precarity, ethical commitment, and digital cultural capital mutually reinforce one another. The study discusses the short-term macroeconomic risks this tendency generates, its long-term potential for structural transformation, and the policy implications for a transition toward a more sustainable production-consumption system.

Keywords: Anti-Consumption, Generation Z, Underconsumption Core, Sustainable Consumption, Behavioural Economics, Post-Consumer Economy

Jel Codes: Q01, D91, E21

Öz

21. yüzyılın başında küresel tüketim kültürü, Z kuşağının (1997-2012 doğumlular) belirgin biçimde farklılaşan tercihleriyle ciddi bir dönüşüm içine girmiştir. Bu çalışma söz konusu dönüşümü tarihsel tüketim teorilerinden başlayarak ele almakta; gelir eşitsizliği, iklim kaygısı, dijital yorgunluk ve değer temelli kimlik inşası gibi çok boyutlu dinamikler üzerinden açıklamaktadır. Eleştirel literatür taraması ve kavramsal senteze dayanan çalışma, Z kuşağının tüketimden çekilmesinin yalnızca ekonomik bir kısıttan ibaret olmadığını, bu çekilmenin aynı zamanda bilinçli bir etik duruş, bir kimlik beyanı ve kolektif bir kültürel konum alış olduğunu ortaya koymaktadır. Çalışma; bu eğilimin kısa vadeli makroekonomik risklerini, uzun vadeli yapısal dönüşüm potansiyelini ve sürdürülebilir bir üretim-tüketim sistemine geçiş için politika çıkarımlarını tartışmaktadır.

Anahtar Kelimeler: Tüketim Karşıtlığı, Z Kuşağı, Aşırı Tüketim Karşıtı Akım, Sürdürülebilir Tüketim, Davranışsal Ekonomi, Post-Tüketici Ekonomi

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Introduction

Consumption has never been a neutral act. Since the earliest systematic attempts to explain economic behaviour, theorists have recognised that what people buy, how much they spend, and what they choose to forgo all carry meaning well beyond the transaction itself. Smith (1776/2007) grounded his analysis in individual self-interest operating through markets, treating consumption as the natural endpoint of production rather than a phenomenon requiring separate theory, while Keynes (1936/1997) later elevated it to the centre of macroeconomic analysis through his argument that aggregate demand deficiencies could destabilise entire economies. Yet for most of the twentieth century, mainstream economics treated consumption as a relatively straightforward function of income: earn more, spend more; earn less, spend less. The deeper cultural, psychological, and identity-laden dimensions of consumption were left largely to sociologists and anthropologists, and that disciplinary separation is no longer tenable.

Generation Z, the cohort born between 1997 and 2012, is spending less than its predecessors, and this pattern cannot be reduced to financial constraint alone (Spohn, 2024; Rubin et al., 2024). It is spending less by choice, as a statement, as a positioning within social networks, and as a response to anxieties that run deeper than the price of goods. The tendency labelled 'underconsumption core' on short-video platforms captures this orientation: a deliberate reduction of consumption, an embrace of second-hand goods, a preference for durability over novelty, and a rejection of conspicuous acquisition as a mode of self-presentation (Iyer & Muncy, 2009). Understanding what is actually happening here, and why, requires going back to where consumption theory begins.

This study traces that trajectory. It begins with the theoretical foundations that shaped how economies understood consumption across two centuries, showing how those frameworks evolved from material utility to symbolic practice. It then examines the specific forces shaping Generation Z's relationship to consumption: the economic pressures bearing down on this cohort, the environmental and ethical commitments that have become central to its identity, and the digital environment that has simultaneously generated new forms of consumption pressure and new platforms for resisting them. From there, it analyses the macroeconomic consequences of a sustained generational shift in consumption orientation, distinguishing short-term demand effects from longer-term structural reconfigurations. The study closes by asking what kind of economy a post-consumer generation is actually calling for, and what policies might respond to that call rather than work against it.

This study adopts a critical literature review and conceptual synthesis as its methodological approach. No original data collection, econometric modelling, or field research has been conducted; the argument instead draws on established theoretical frameworks from classical economics, cultural sociology, and behavioural economics, integrated through a structured and thematic review of relevant scholarship spanning foundational texts through empirical work published up to 2025. The study is guided by three interconnected research questions: what combination of theoretical frameworks is necessary to adequately explain Generation Z's withdrawal from consumption; through what motivational structure does this withdrawal operate; and what macroeconomic implications follow from a sustained generational shift in consumption orientation. The primary databases consulted are Scopus, Web of Science, Google Scholar, and EBSCOhost. Search terms included combinations of "Generation Z," "anti-consumption," "underconsumption," "de-influencing," "sustainable consumption," "digital fatigue," and "identity-based consumption." The time frame prioritised sources from 1995 onwards, with deliberate inclusion of empirical studies published between 2020 and 2025. Inclusion criteria favoured peer-reviewed English-language and Turkish-language journal articles, edited volumes, and institutional reports directly relevant to the study's analytical framework. Given that identical sources frequently appear across multiple databases under differing metadata configurations, a particular risk when Google Scholar is used alongside structured indexing databases such as Scopus and Web of Science, a systematic deduplication procedure was applied throughout the source selection process. Records retrieved across all databases were cross-referenced manually by title, primary author name, and publication year. When the same work appeared in more than one database, it was retained only once, with the version containing the most complete bibliographic metadata selected as the reference entry. This procedure was applied with particular care to records appearing in both Google Scholar and the indexed databases. It was completed before the final source list was assembled, ensuring that each work was incorporated into the review only once and that no source carried disproportionate weight in the conceptual synthesis. The original contribution of the study lies in integrating the selected frameworks into a single analytical arc that moves from the deep history of consumption theory to the concrete present of Generation Z's behaviour and forward to its likely macroeconomic consequences.

The theoretical foundations of consumption: from classical economics to cultural practice

Classical foundations: consumption as economic function

The classical economists who built the intellectual foundations of modern economic thought shared one core assumption about consumption: it is the purpose of production, but it is not itself the interesting variable. Smith (1776/2007) grounded his analysis in individual self-interest operating through markets; consumption was the natural endpoint, not a phenomenon requiring separate theory. Ricardo (1817/1973) took a similar view, treating consumption as the derivative of what production makes available and incomes allow. Both assumed that rational individuals, given sufficient income, would consume to satisfy their needs and preferences in broadly predictable ways. Çokgezer (2024) traces these foundational assumptions through the major macroeconomic consumption theories, from the absolute income hypothesis through to permanent and lifecycle formulations, demonstrating how each built on but also constrained the analytical frameworks that preceded it.

It was Keynes (1936/1997) who elevated consumption to the centre of macroeconomic analysis, but even his framing was aggregate and functional. His fundamental psychological law, that individuals tend to consume a stable fraction of additional income, was less a theory of consumption behaviour than a building block for understanding how deficiencies in aggregate demand could plunge economies into recession. Consumption mattered because its decline could destabilise the whole economy; its cultural or symbolic dimensions did not enter Keynes's framework.

Marx (1867/1992) introduced a more critical perspective. Consumption under capitalism, he argued, is structurally constrained: the workers who produce the goods that sustain modern life lack the purchasing power to consume them in proportion to what they generate. This produces a fundamental tension between production capacity and consumption power that periodically erupts as an economic crisis. Underconsumption, in Marx's framework, is not an anomaly but a structural tendency built into the logic of capitalist accumulation. This insight, that the capacity to produce routinely outstrips the capacity to consume, became the foundation for a tradition of underconsumption theory that later theorists, including Leightner (2000) in his analysis of the Asian financial crisis, would continue to develop.

Veblen (1899/2009) broke most sharply from the classical tradition by showing that consumption serves social functions that have nothing to do with material need. His concept of conspicuous consumption demonstrated that people spend not only to satisfy wants but to signal status, differentiate themselves from social rivals, and participate in the competitive display that modern society demands. Consumption, in Veblen's analysis, is a positional game as much as a satisfaction of need. This observation planted a seed that would grow into the central preoccupation of consumption theory a century later.

The cultural turn: consumption as symbolic practice

The shift that transformed consumption theory in the second half of the twentieth century was the recognition that Veblen had identified something fundamental: consumption is not primarily about use but about meaning. Baudrillard (1998) made this argument most systematically, proposing that in contemporary consumer society, goods function less as use-values than as signs within a coded system of differences. What one buys communicates who one is, who one aspires to be, and who one is not. The logic of consumption is therefore not the logic of satisfaction but the logic of distinction.

Bauman (2007) extended this insight by developing the concept of liquid modernity, arguing that the instability and fluidity of contemporary social life have made consumption the primary site through which individuals attempt to construct a coherent identity. When tradition, community, and stable occupational roles no longer anchor the self, the consumer marketplace offers a substitute: the self is built, communicated, and perpetually revised through what is purchased, worn, eaten, and displayed. This is why consumption in liquid modernity is never finished; the identity it constructs is always provisional, always vulnerable to obsolescence, always requiring another purchase.

Featherstone (1991) examined how these dynamics operate within what he called consumer culture, showing that aesthetic sensibility, taste, and lifestyle choice have become the primary currencies of social positioning. What Bourdieu (1984) theorised as cultural capital, the accumulated knowledge, taste, and symbolic competencies that translate into social advantage, Featherstone showed operating concretely through consumption practices. The choice of what to buy, where to eat, what to wear, and how to furnish one's home is simultaneously an economic act and a cultural performance.

Warde (2014, p. 281) drew these threads together through a practice-theoretical framework, arguing that consumption is best understood not as an autonomous activity but as an element embedded within social practices. People eat not primarily to consume food but to enact the practice of a meal, with all its social conventions, relational obligations, and embodied routines. Consumption is thus the by-product of practice rather than its goal. This reframing matters for understanding Generation Z: it suggests that changing consumption behaviour requires changing the practices, infrastructures, and social conditions within which consumption is embedded, not merely adjusting prices or incomes. Odabaşı (2017) examined how these theoretical currents apply to Turkish society, demonstrating that the shift from need-based to meaning-laden consumption is not a specifically Western phenomenon but part of a broader transformation accompanying modernisation.

The trajectory from classical economics to cultural practice theory charts a movement from consumption as a function to consumption as communication. The question it raises, but does not fully answer, is what happens when a generation decides to withdraw from that communicative system, not out of inability but out of refusal. That is precisely the question that Generation Z's behaviour poses.

Behavioural economics and the psychology of consumption decisions

Classical and cultural theories both operate at a relatively high level of abstraction. Behavioural economics descended into the mechanics of individual decision-making and found that actual consumption choices deviate systematically from the rational actor that both classical economics and Baudrillard's sign-system theory implicitly assume. Kahneman and Tversky (1979) established that individuals facing uncertainty make decisions shaped by loss aversion: the prospect of losing a given amount looms roughly twice as large psychologically as the prospect of gaining the same amount. This asymmetry has direct implications for consumption: under economic precarity, the pain of potential loss dominates the pleasure of potential acquisition, producing a pronounced preference for conservation over spending.

Thaler and Sunstein (2008) showed that, beyond loss aversion, the architecture of choice, default options, reference points, and framing through which decisions are presented powerfully shape what individuals actually do. People consume not as free agents optimising in a vacuum, but as embedded actors responding to contexts shaped by prior choices, social norms, and institutional arrangements. Ariely (2008) demonstrated that consumers' departures from rationality follow predictable patterns tied to context: the presence of a free option distorts perceived value, social norms override price signals, and ownership inflates subjective worth. For Generation Z, whose consumption decisions are made within digital environments saturated with algorithmic curation and social comparison, these contextual effects are amplified rather than attenuated.

Together, these frameworks suggest something important: Generation Z's withdrawal from consumption is not simply a function of reduced purchasing power. It is also a product of a specific psychological environment in which economic uncertainty intensifies loss aversion, social norms of restraint create new choice architectures, and identity-based consumption refusal generates its own rewards. Understanding this psychological dimension is necessary to distinguish the underconsumption core tendency from mere austerity and to grasp why it may prove more durable than a purely economic reading would suggest.

Generation Z and the underconsumption core: A multidimensional phenomenon

Generation Z entered adulthood during a period of compounding pressures. Economic instability, the climate crisis, the saturation of digital culture, and a deepening scepticism toward the consumption-as-identity equation that defined earlier consumer society have converged to produce a cohort whose relationship to consumption is structurally different from those of its predecessors. The tendency labelled underconsumption core on social media platforms is the visible expression of this difference. Beneath it lie three interlocking layers of motivation: economic constraint, environmental and ethical commitment, and identity construction through digital culture. These layers do not operate independently; they reinforce one another, making the tendency more resistant to reversal than any single-factor explanation would predict.

Economic constraint: Precarity, debt, and inflation perception

The economic circumstances of Generation Z are objectively more difficult than those faced by Millennials at the same life stage. Rising debt burdens, particularly student debt and housing costs across many economies, are causing young people to defer long-term spending decisions and reduce discretionary consumption. Income inequality has deepened across most OECD economies over the period during which Generation Z has entered the labour market; the income gains of recent decades

have accrued disproportionately to older and wealthier cohorts, leaving younger workers with a smaller share of aggregate income than their predecessors at the same age. Escalonilla et al. (2022), using administrative labour market data spanning 2005-2019, demonstrate empirically that younger cohorts bear a disproportionate income disadvantage relative to earlier generations at the same life stage, and that this disadvantage is structurally persistent rather than cyclical.

Spohn (2024) demonstrates, through mixed-methods research, that Generation Z faces unprecedented financial challenges arising from the compounding effects of the COVID-19 pandemic, rising inflation, and stagnant wages, and that these structural pressures have reshaped this cohort's financial behaviours and expectations in durable ways. Rubin et al. (2024), drawing on in-depth interviews with adolescents and early emerging adults, find that Generation Z perceives the instability of the current economic system as fundamentally restricting their capacity to imagine and prepare for financial independence. This finding corroborates earlier work by Twenge (2017) on heightened generational financial anxiety while anchoring it firmly in the post-pandemic landscape. The global financial crisis of 2008 occurred during their formative years; the COVID-19 pandemic and its economic aftermath coincided with their entry into the labour market (ILO, 2023). The inflation surge of 2021-2023, which compressed real wages across many economies (OECD, 2023), compounded this anxiety.

Price fluctuations, rather than triggering compensatory spending, reinforced a disposition of deliberate restraint: in an environment of genuine uncertainty about future purchasing power, reducing expenditure became a rational act of protecting future stability rather than a mere adaptation to present constraint. The Keynesian insight that economic uncertainty produces cautious consumption behaviour (Keynes, 1936/1997) remains apt, but the present situation involves something beyond standard cyclical caution. Generation Z's financial anxiety is not primarily a response to a temporary downturn but to structural features of its economic position: precarious labour markets, housing costs and asset prices that have moved out of reach for many, and welfare systems that provide less security than those their parents relied on. Schor (1998) argued that over-consumption traps individuals in cycles of expenditure that crowd out time, relationships, and well-being; Generation Z appears to have registered this argument not as an academic observation but as a lived experience.

Environmental and ethical commitment: Consumption as a political act

Economic constraints alone cannot explain the core tendency of underconsumption, because it is evident among Generation Z members who are not financially pressed. A substantial share of this cohort's withdrawal from consumption is driven by environmental and ethical commitments that have become central to its generational identity. Hansen and Nielsen (2023) show that environmental concerns have restructured consumption preferences among younger individuals, generating strong demand for sustainable, low-impact alternatives alongside a willingness to consume less simply. Kara and Min (2024), in a structural equation study of 279 Generation Z university students in the United States, find that social responsibility orientations, including emotional engagement with environmental issues and expectations of responsible corporate conduct, are among the strongest predictors of this cohort's sustainable consumption behaviours. Ngo et al. (2024), drawing on 641 Vietnamese Generation Z respondents, demonstrate that green perceived value, environmental concern, and environmental knowledge significantly shape purchase intentions toward sustainable clothing, with environmental attitude functioning as a decisive mediating variable, confirming that the ethical consumption impulse among this cohort operates across markedly different cultural and economic contexts.

The climate crisis is not abstract for Generation Z. This is the cohort that grew up alongside the wave of youth climate activism that culminated in the global school strikes of 2018-2019 (Thunberg, 2019) and that has experienced increasingly frequent extreme weather events as a daily reality. Jackson (2009) argued that the growth-driven consumption paradigm is structurally incompatible with ecological limits; for Generation Z, this incompatibility has been experienced directly rather than deduced theoretically. Kazantsev et al. (2025) demonstrate empirically that strategic engagement with ecological footprint awareness, particularly through mechanisms that connect individual consumption choices to visible environmental consequences within a Sustainable Development Goal 12 framework, can activate sustained and measurable behaviour change among younger consumers. This finding helps explain why Generation Z's ethical consumption commitments are more consistently translated into practice than those of previous generations. Korkmaz and Sertoğlu (2013) confirm this in the Turkish context, showing that environmental concerns directly shape consumption preferences among young adults even in markets where the discourse of sustainability is less institutionalised than in Northern Europe. More recently, Canoğlu and Üstüner (2025), surveying 395 Generation Z students at a Turkish university, find that social norms are the strongest predictor of sustainable consumption intention among this cohort, with personal norms and environmental awareness also exerting significant effects,

a result that reinforces the view that ethical consumption commitment in this generation operates through both internalised values and peer influence.

Shove (2010) argues that reducing ecological impact requires transforming the social practices and infrastructures that govern consumption, not merely changing individual preferences. Generation Z's behaviour partially anticipates this structural shift: by repositioning restraint as a cultural value rather than a personal sacrifice, this cohort is creating the social conditions under which consumption reduction becomes normal and even desirable. Cohen (2001) traced the emergence of sustainable consumption as a policy discourse; Generation Z is enacting that discourse from below rather than waiting for it to be enacted from above. The result is a dynamic in which ethical commitment and consumption practice reinforce each other, making the tendency more than a lifestyle preference and closer to a political position.

Digital fatigue de-influencing, and anti-consumption activism

The digital environment that Generation Z inhabits has functioned simultaneously as the primary vehicle of consumer culture and the primary arena of resistance to it. Simmel (1900/2004) observed that modern urban individuals develop desensitisation as a defence against the intensity of stimulation generated by city life; the digital environment that Generation Z navigates produces an analogous dynamic at an order of magnitude greater intensity. Fernandes and Oliveira (2024), in a survey-based study of 282 young social media users, demonstrate that branded content overload and advertising intrusiveness are significant drivers of social media fatigue among young consumers, with fatigue in turn producing disengagement and lurking behaviours that directly erode the effectiveness of conventional influencer marketing among this cohort. Constant connectivity, algorithmically curated feeds designed to maximise engagement and trigger desire, and the relentless display of idealised consumption on social media platforms generate a form of cognitive and emotional exhaustion that shapes digital behaviour in ways that earlier foundational scholarship on networked life anticipated but that the contemporary short-video environment has substantially intensified.

Out of this exhaustion emerged the tendencies now labelled 'de-influencing' and 'quiet luxury'. De-influencing is a vernacular term that emerged on short-video platforms around 2023 to describe content that actively discourages unnecessary purchases, countering the haul videos, sponsored endorsements, and aspiration displays that had dominated social media commerce. Iyer and Muncy (2009) classify the underlying behaviour as market-level anti-consumption; Kazantsev et al. (2025) operationalise a related dynamic through the concept of strategic shame management applied to ecological footprints, showing that public visibility of consumption choices can activate ethical restraint, a mechanism enacted concretely in de-influencing content when excessive purchasing is made socially visible and subjected to peer critique on platforms such as TikTok. What is distinctive about de-influencing is that it uses the same platform infrastructure and performative logic as the content it resists. The critical stance is itself performed for an audience, generating its own engagement metrics and cultural capital.

Quiet luxury extends this logic in a different direction. Where Veblen (1899/2009) identified conspicuous expenditure as the primary mode of social positioning through consumption, quiet luxury inverts the signal: restraint, understatement, durability, and quality without ostentation become the markers of a superior sensibility. Featherstone (1991) anticipated this dynamic in his analysis of how aesthetic distinction operates through taste rather than accumulation. However, he could not have foreseen the digital platforms through which restraint itself would become a curated display practice. Bourdieu's (1984) concept of cultural capital provides the analytical key: Generation Z is converting consumption restraint into a new form of cultural capital, accumulating ethical and aesthetic credibility through what it refuses rather than what it buys.

The algorithmic structures of contemporary short-video platforms have further amplified this dynamic. Unlike earlier social media environments analysed by van Dijck (2013) and Boyd (2014), which were organised primarily around social graphs and peer networks, the recommendation systems of platforms such as TikTok operate through engagement-based content amplification that is largely decoupled from prior social ties (Fernandes & Oliveira, 2024). This structural shift means that anti-consumption content can achieve viral reach without requiring pre-existing audience relationships, enabling de-influencing communities to form and grow at a speed and scale that earlier platforms would not have supported.

Identity, values, and the self-reinforcing logic of the underconsumption core

The three layers described above, economic constraint, environmental commitment, and digital cultural capital, do not simply coexist within Generation Z's consumption behaviour. They reinforce one another in a feedback structure that gives the underconsumption core tendency its distinctive durability.

Economic precarity narrows the available choice set; environmental and ethical commitments channel what remains of that set toward restraint; digital culture provides the platform through which restraint is made socially visible and culturally rewarded. Each layer strengthens the others.

Giddens (1991) argued that in late modernity the individual constructs identity not through tradition or fixed social roles but through conscious lifestyle choices. Hall (1996) showed that identity is not a stable essence but a positioning achieved through ongoing discursive practice. Generation Z's anti-consumption identity is precisely such a positioning: social standing is constructed not by accumulating consumer goods but by demonstrating the capacity to forgo them on principled grounds. Cherrier (2009) documented how anti-consumption discourses create resistant identities that their holders experience as authentic and coherent; Holt (1995) showed how consumption practices structure social positioning across a wide field. Generation Z is inverting Holt's typology: the practice through which social positioning is achieved is not consumption but its deliberate refusal.

The identity dimension of this tendency has a crucial implication that distinguishes the core from ordinary austerity. Kumar and Panda (2025), drawing on a time-lagged study of 519 Indian Generation Z consumers, demonstrate empirically that trait mindfulness significantly shapes sustainable consumption behaviour for both food and clothing, with the relationship operating through mediating pathways that persist independently of immediate situational triggers. A young person who began consuming less due to financial constraints may continue doing so and deepen the practice, because restraint has become constitutive of how they understand themselves and how they wish to be understood by others. This is the study's central theoretical claim: Generation Z's withdrawal from consumption is motivationally layered in a way that makes it structurally resistant to reversal. Recovery of purchasing power will not automatically restore previous consumption levels because the withdrawal is no longer merely responsive to economic conditions; it has become partly constitutive of identity.

Hosany and Serdiuk (2025), in a qualitative study drawing on in-depth interviews with Generation Z consumers in the United Kingdom, develop a typology distinguishing Disengaged, Moderate, and Advocate consumer profiles and find that the Advocate segment, which most closely corresponds to the underconsumption core orientation, is characterised by an integration of environmental identity with consumption refusal rather than merely pro-environmental product selection. This typology gives empirical texture to the theoretical claim advanced here that identity formation, not financial constraint, is the organising principle of the most durable form of Generation Z's withdrawal from consumption. Buğday and Babaoğlu (2016) articulated the dimensions of conscious consumption along the axes of ethical, environmental, and social responsibility; the underconsumption core tendency operationalises all three simultaneously. Dal (2017, pp. 5-7) traces the questioning of consumption-oriented lifestyles from the 2000s onward, noting their generational character. What distinguishes Generation Z's expression of this critique is not its content but its integration: economic, ethical, environmental, and identity-related motivations are not experienced as separate considerations but as facets of a single coherent stance.

Macroeconomic implications: Short-term risks and long-term restructuring

A sustained generational shift in consumption orientation is not merely a sociological curiosity; it carries concrete macroeconomic implications that unfold across different time horizons. The short-term effects and the long-term structural consequences point in different directions, and conflating them produces policy errors. Understanding both is necessary for responding intelligently to what Generation Z's behaviour actually signals.

Short-term demand effects: Pressure without collapse

Consumption constitutes one of the primary components of aggregate demand in most modern economies. A sustained decline in the propensity to consume among a generation that will spend the next three to four decades as a significant share of the working-age population carries direct implications for growth dynamics. Sectors built on high-volume, rapid-turnover consumption models are already registering the pressure: fast fashion, single-use consumer electronics, and experience-based entertainment are seeing growth rates that diverge from the patterns their business models assumed. Mazzucato (2018) provides a theoretical framework for understanding this pressure, arguing that production structures and growth assumptions are more tightly linked to consumption patterns than mainstream models typically acknowledge.

The demand contraction risk, however, is easily overstated. The shift Generation Z represents is compositional rather than simply volumetric: demand is not disappearing but reorienting. Expenditure

is moving away from fast-moving consumer goods toward durable, repairable, and ethically sourced products; toward services that build skills or experiences rather than accumulate objects; and toward second-hand markets that redirect spending without reducing consumption in functional terms. The scale of this reorientation is substantial: ThredUp (2025) reports that 68 per cent of Generation Z and Millennial consumers purchased second-hand apparel in 2024, and that the US second-hand apparel market grew at five times the rate of conventional retail in the same year. These figures indicate that the shift toward circular consumption channels is not a marginal preference but a mainstream behaviour pattern with measurable market consequences. Harantová and Mazanec (2025), surveying 340 Generation Z respondents in Slovakia between November 2024 and January 2025, confirm that second-hand shopping among this cohort is driven by a combination of positive in-store emotional experience and environmental awareness, suggesting that the circular consumption shift is sustained by both hedonic and values-based motivations rather than frugality alone. Policymakers who respond to early signs of sector-level contraction with demand stimulus targeted at fast fashion or disposable electronics are likely to work against, rather than with, the structural change underway. As Goldstein and Hillard (2009) demonstrate, the heterodox macroeconomic tradition has long argued that standard demand management frameworks are constructed around assumptions about consumption patterns that may not hold when those patterns are undergoing structural transformation.

Rising savings rates among young households, driven by both financial prudence and consumption restraint, strengthen household balance sheets and reduce the financial fragility that amplifies economic downturns. The 2008 financial crisis demonstrated the macroeconomic costs of over-leveraged household sectors; Generation Z's more conservative financial behaviour may contribute to greater resilience in the next major downturn. The policy question is therefore not how to restore previous consumption patterns but how to build productive capacity aligned with the demand structure that is actually emerging.

Long-term structural transformation: Toward a circular economy

Over longer time horizons, a generational shift toward durable, repairable, and ethically sourced consumption creates conditions for a transition that economists and environmental scientists have argued is structurally necessary. Raworth (2017) demonstrates that the paradigm of endless growth is incompatible with ecological limits and proposes redesigning the economic system within a framework that meets human needs while respecting planetary boundaries. Jackson (2009) argues that welfare needs to be reconceptualised independently of consumption levels, a reframing that Generation Z appears to be enacting behaviourally before it has been institutionalised politically.

Marx (1867/1992) drew attention to the relationship between production processes and social conditions; Mazzucato (2018) updated this by questioning how value is created and distributed in the contemporary economy and arguing that production needs to be reoriented toward social objectives. The circular economy model represents one concrete institutional form of this reorientation. Its central mechanisms, optimising resource use, eliminating waste through design, extending product lifecycles through reparability, and capturing value from used materials through remanufacturing, all align with the consumption preferences that Generation Z is expressing. Liu (2022) offers concrete design proposals for reconceptualising production-consumption relationships in the Global North along precisely these lines.

The transition is not automatic. Mont and Plepys (2008) demonstrate that sustainable consumption discourse rarely translates into practice without structural policy intervention; market incentives alone tend to reproduce existing patterns. The demand signal from Generation Z creates a receptive environment for such an intervention, but demand signals alone are insufficient. Businesses that treat Generation Z's consumption avoidance as a temporary market disruption to be overcome rather than a structural demand shift to be aligned with are likely to find themselves on the wrong side of a durable trend. The opportunity is to redesign product systems around durability, reparability, and longevity, competing on the dimensions that Generation Z's consumption ethic rewards.

Policy implications: Building the post-consumer infrastructure

Kennedy et al. (2016) and Evans et al. (2012) converge on a foundational point for policy: consumption behaviour is shaped by habits, social practices, and the infrastructures within which they are embedded, not by individual preferences operating in a vacuum. Changing consumption, therefore, requires changing the conditions under which habits form. Shove (2010) makes this most directly: climate and sustainability policy grounded primarily in individual behaviour change is structurally insufficient; what is needed is the transformation of the practices and infrastructures that govern consumption at the collective level.

Several concrete policy directions follow from this analysis. Tax incentives for durable and repairable goods, and corresponding disincentives for planned obsolescence, would align the market's price structure with the consumption preferences Generation Z is already expressing. Extended producer responsibility frameworks that internalise the cost of short product lifespans into product pricing would accelerate this alignment. Public investment in repair infrastructure, libraries of things, and second-hand market platforms would lower the transaction costs of the consumption practices that Generation Z is gravitating toward. Critical consumption literacy, the capacity to understand the full lifecycle, supply chain, and environmental impact of purchasing decisions, needs to be integrated into financial and civic education rather than treated as a niche concern. Kazantsev et al. (2025) demonstrate that strategic engagement with ecological footprint awareness within an SDG 12 framework can activate sustained behaviour change; this mechanism could be built into educational policy at scale.

Connolly and Prothero (2008) note that individuals' environmental preferences operate within a contradictory semantic field where green aspirations and consumption pressures coexist uneasily. Generation Z's core tendency toward underconsumption partially resolves this contradiction by repositioning restraint as a cultural value rather than a sacrifice, creating a demand-side opening that earlier generations did not. Policy that builds on this opening, rather than attempting to restore the consumption patterns of previous cohorts, will be more effective, more durable, and more consistent with the structural changes required for ecological sustainability.

Discussion

The analysis developed across the preceding sections points to a set of conclusions about what Generation Z's consumption behaviour represents theoretically and what it implies practically. Three deserve particular emphasis.

First, the underconsumption core tendency cannot be adequately explained by any single theoretical framework. Classical underconsumption theory, following Marx and the heterodox macroeconomic tradition, captures the structural economic pressures bearing down on this generation but cannot explain why the response to those pressures takes the form of principled refusal rather than frustrated aspiration. Behavioural economics, through loss aversion and choice architecture, explains the psychological mechanics of cautious consumption but cannot account for the identity and community dimensions that give the tendency its distinctly generational character. Cultural theory, through Baudrillard, Bourdieu, and Warde, captures the symbolic and positional logic but tends to read consumption as the medium through which these dynamics operate rather than as their deliberate inversion. No single framework provides an adequate explanation; the intersection of all three is required, which this study has attempted to map.

Second, the motivationally layered character of this tendency has consequences that extend beyond the theoretical. Robinson (2020) analyses the structural crisis of global capitalism as a crisis rooted in accumulation dynamics that systematically displace labour and widen inequality; Pemberton (2023) re-examines consumer agency in the face of structural constraints. What the underconsumption core adds to these analyses is the insight that agency and structure are no longer pulling in opposite directions for this cohort. Generation Z is not consuming less despite wanting to consume more and being prevented by circumstances; it is, at least in significant part, consuming less because it has reconstituted its wants. Economic precarity provided the initial pressure; environmental and ethical commitment gave that pressure a direction; and digital culture provided the infrastructure through which restraint became identity. The result is a motivational structure that does not simply respond to economic conditions but partially constitutes itself independently of them. This is the argument this study advances as its central theoretical claim, and it has a clear policy implication: demand stimulus aimed at restoring previous consumption levels will be partially ineffective, not because it fails to reach the target population, but because the target population has redefined what it wants from consumption.

Third, the gap between short-term disruption and long-term opportunity is wider here than in most economic transitions. The sectors that will register pressure first, fast fashion, disposable electronics, and rapid-cycle entertainment, are precisely those that have built their models on consumption dynamics that a more sustainable economy would need to reduce in any case. The sectors that stand to gain, durable goods, repair services, second-hand markets, and experience-based well-being services, are those aligned with both Generation Z's preferences and ecological requirements. This alignment between a generational shift in consumption and structural ecological necessity is unusual. It suggests that what appears from one angle to be a demand problem is, from another, a market signal pointing toward the economic organisation that the twenty-first century will eventually require. The question facing policymakers and businesses alike is whether they will read that signal early or late.

Conclusion

This study set out to trace Generation Z's withdrawal from consumption from its theoretical roots to its present form and then forward to its likely consequences. The argument has moved from the classical economists who first theorised the relationship between production and consumption, through the cultural theorists who showed that consumption is always also a practice of identity and distinction, to the specific economic, environmental, and cultural forces that have shaped how Generation Z relates to the marketplace. At every stage, the goal has been to resist the temptation of single-factor explanation and to hold the economic, psychological, cultural, and political dimensions of the phenomenon in view simultaneously.

What emerges is a picture that is more coherent and more consequential than either its celebrants or its critics typically acknowledge. The underconsumption core is not a social media fad that will dissolve when economic conditions improve; the motivational architecture documented in Section 3 ensures that it is at least partially self-sustaining. It is not a straightforward economic crisis either; the compositional shift in demand it represents opens structural possibilities that pure demand contraction would not. And it is not reducible to the environmental ethics of a politically engaged minority; the economic, psychological, and cultural forces driving it reach across the socioeconomic spectrum of the cohort. The most probable trajectory, given the analysis presented here, is not the collapse of consumer society but its gradual restructuring. Generation Z will not stop consuming; it will consume differently. Durability will matter more than novelty; provenance and ethics will matter more than brand; the quality of what is owned will increasingly substitute for the quantity of what is acquired. This restructuring creates both disruption and opportunity across the economy. The sectors, firms, and regions that adapt and redesign their offerings to align with the consumption values this generation expresses will be better positioned than those that wait for consumption behaviour to revert to previous patterns. It will not revert. The forces that generated it, economic precarity, ecological urgency, and a deep scepticism toward the identity promises of consumer culture, are structural rather than cyclical. They will persist, and the cohort that has internalised them will carry that internalisation through its economic life as a producer, consumer, voter, and policymaker.

The theoretical contribution this study makes is to show that adequate understanding of this shift requires moving between levels of analysis that are usually kept separate. Macroeconomic dynamics set the stage; psychological mechanisms determine how individuals respond within that stage; cultural and identity processes determine whether those responses become stable practices; and digital infrastructure determines how stable practices aggregate into social movements and generational norms. None of these levels is sufficient alone. What Generation Z is doing with consumption is a case study in how economic, psychological, cultural, and technological forces interact to produce something genuinely new. Whether the economy that follows is more sustainable, more equitable, and more conducive to human flourishing will depend less on the choices of this generation than on whether the institutions, policies, and production systems of the world it inherits are capable of meeting it where it actually is.

Limitations and directions for future research

This study is conceptual in character and does not draw on original empirical data. The theoretical claims advanced here, particularly the motivational layering thesis and its implications for demand irreversibility, have not been subjected to empirical testing and should be understood as propositions awaiting verification. The literature base also constrains the generalisability of the argument. While Turkish-language and English-language sources are integrated, the empirical work on which this study draws is weighted toward North American and Western European contexts. The applicability of the framework to Generation Z in different institutional, cultural, and economic settings warrants investigation in its own right.

Several directions for future empirical research present themselves directly from this analysis. Quantitative survey designs that measure consumption behaviour alongside identity metrics, including environmental self-identity scales, anti-consumption commitment measures, and financial anxiety indices, would allow the motivational layering thesis to be tested and its relative contributions to be assessed. Qualitative interview studies focusing specifically on Generation Z's de-influencing habits and their relationship to identity formation would provide the micro-level evidence that conceptual synthesis cannot supply. Longitudinal designs that track whether consumption restraint persists as financial conditions improve would offer the most decisive test of the irreversibility claim central to this study's theoretical contribution. Researchers are encouraged to pursue these questions in journals such as the *Journal of Consumer Behaviour*, the *Journal of Business Research*, and *Ecological Economics*,

where the intersection of generational identity and sustainable consumption is receiving growing empirical attention.

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