Original Article

Changes in Gen Z Consumer Patterns: their Impact on MSME Fashion Product Business Strategies Using the Business Model Canvas (BMC) Approach

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Abstract: This study is motivated by changes in the consumption patterns of Generation Z (Gen Z), which have become an important phenomenon affecting market dynamics, particularly for micro, small, and medium enterprises (MSMEs) in the fashion industry. Generation Z is known as a generation that is very familiar with digital technology and prioritizes speed, sustainability, and customer experience in their purchasing decisions. This article aims to analyze changes in Gen Z consumer patterns and their impact on the business strategies of fashion MSMEs using the Business Model Canvas (BMC) approach. The research method used is qualitative with a descriptive method. The data used in this study came from two sources, namely primary and secondary data. Primary data was collected through direct observation and interviews with the parties involved. Meanwhile, secondary data were obtained from articles and other literature, such as journals and theses. The results of this study show that changes in the behavior of Generation Z have encouraged fashion SMEs to make adjustments to several key elements of the BMC, such as value propositions that are more oriented towards personalization and sustainability, digital and social media channels, interactive customer relationships, and the optimization of key resources and key activities based on technology. The study concludes that a deep understanding of the characteristics of Generation Z consumers and their application in business design through the BMC approach is a strategic factor for MSMEs to increase their competitiveness and business sustainability in today's digital era.

Keywords: Generation Z, MSMEs, Consumer Patterns, Business Strategies, Business Model Canvas.

I. INTRODUCTION

The development of digital technology and current global socioeconomic dynamics have driven significant changes in people's behavior and consumption patterns. One consumer group that exhibits the most dynamic characteristics is Generation Z (Gen Z), a generation born and raised in a highly dynamic environment filled with technology, social media, and rapid access to information. Generation Z grew up with technology, the internet, and social media, which sometimes led to them being stereotyped as technology addicts, antisocial, or social justice warriors (Business Insider, 2019). Changes in Gen Z's consumption patterns are influenced not only by economic factors but also by values such as customer experience and emotional engagement with a product or service.

Changes in the consumption patterns of Generation Z have become a strategic issue, especially for Micro, Small, and Medium Enterprises (MSMEs), which are the driving force of Indonesia's national economy. MSMEs face considerable challenges in adapting to the habits of Generation Z, who tend to be digitally oriented and have high expectations for speed of service while still prioritizing quality. MSMEs' lack of preparedness in understanding the characteristics of Generation Z has the potential to reduce their competitiveness and business sustainability amid increasingly fierce market competition.

For MSMEs, changes in the behavior of Generation Z consumers require a comprehensive adjustment of business strategies, not only in terms of marketing, but also in terms of the structure of the business model. In this context, the Business Model Canvas (BMC) is a relevant analytical framework because it can illustrate the relationship between value propositions, customer segmentation, distribution channels, customer relationships, cost structures, and revenue sources. The BMC approach enables MSMEs to evaluate the suitability of their existing business models to the characteristics and expectations of Generation Z consumers.

The Business Model Canvas (BMC) is an analytical model that explains how an organization or company creates, delivers, and captures value. The Business Model Canvas (BMC) is a tool that facilitates problem-solving by illustrating, visualizing, and simplifying previously complex business models. The Business Model Canvas is a concept introduced by Osterwalder and Pigneur in 2009, which outlines a business model as a set of nine components (Diderich, 2020). The Business Model Canvas will help MSMEs to see their business in general and develop ways to differentiate themselves from competing

large companies. BMC enables SMEs to easily identify the relationships within each aspect, so they can adapt to changes in the consumption patterns of Generation Z.

The purpose of this study is to examine changes in the consumption patterns of Generation Z and their impact on MSME business strategies using the Business Model Canvas (BMC) approach. Based on the description and background above, as well as the phenomenon described above, the researcher is interested in conducting a study entitled "Changes in Gen Z Consumer Patterns: Their Impact on MSME Business Strategies for Fashion Products using the Business Model Canvas (BMC) approach."

II. LITERATURE REVIEW

Generation Z is a demographic group born between 1997 and 2012 and raised amid rapid digital development. Unlike previous generations, Generation Z is known as digital natives who are highly dependent on social media, the internet, and mobile devices in their daily activities (Francis & Hoefel, 2018). Generation Z exhibits characteristics that are more critical of the values promoted by a brand, such as sustainability, production quality, and marketing methods. This means that Generation Z's purchasing decisions are not based solely on price, but also on the compatibility of brand values with their identity and lifestyle (Djafarova & Foots, 2022).

Changes in the behavior of Generation Z consumers are marked by a shift from conventional consumption patterns to digital consumption patterns. Social media such as Instagram, TikTok, and digital marketplaces have become the primary sources of products, style references, and means of consumer interaction (Kotler et al., 2021). In addition, Generation Z tends to prefer products that offer unique designs, good quality, and transparent and responsible production processes. These changes in consumer patterns require SMEs to adapt quickly and strategically.

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in the national economy, including in the creative and dynamic fashion industry. Fashion MSMEs generally have advantages in terms of production flexibility and proximity to consumers, but limitations in resources, access to technology, and business strategy planning often pose obstacles in responding to changes in the behavior of Generation Z consumers (Tambunan, 2019). When dealing with Generation Z consumers, fashion MSMEs must focus not only on products but also on customer experience, digital marketing strategies, and the creation of relevant brand value. Without a structured business strategy, MSMEs risk losing competitiveness amid increasingly intense, rapid competition in the fashion industry.

Business strategy is a series of decisions and actions designed to achieve a competitive advantage. For fashion SMEs, business strategies that are adaptive to the characteristics of Generation Z include the use of digital technology, collaboration with influencers, strengthening branding, and developing products that suit the tastes and values of Generation Z. Adapting business strategies also requires SMEs to understand the changes in value propositions expected by this generation, such as unique designs, affordability, speed of service, and transparency in the production process. Therefore, a series of frameworks is needed to map out MSME business models.

The Business Model Canvas (BMC), developed by Osterwalder and Pigneur (2010), is a strategic tool for systematically describing, analyzing, and developing business models through nine key elements. The Business Model Canvas (BMC) approach is relevant for analyzing the business strategies of fashion product MSMEs because it can describe specifically how a business creates, delivers, and captures value. In the context of changing consumer patterns among Generation Z, the BMC can be used to identify adjustments to each element of the business model to align with the needs, preferences, and behavior of Generation Z consumers. This approach is expected to help fashion SMEs improve their competitiveness and business sustainability amid dynamic and rapidly changing consumer behavior.

III. RESEARCH RESULTS AND DISCUSSION

This study takes a qualitative approach with descriptive methodology. Qualitative descriptive research uses data collected in the form of words and images rather than statistics to better explain phenomena such as behavior, perceptions, actions, and motives.

The data used in this study comes from two sources, namely primary data and secondary data. Primary data was collected through direct observation and interviews with the parties involved, in this case Generation Z, who purchase fashion products. This study used a purposive sampling strategy, which involves the conscious identification or selection of respondents to be studied. The total sample size was five Generation Z consumers who regularly purchase fashion products. Data collection was carried out through observation and interviews.

Table 1. Fashion Product MSME Business Model Canvas

Key Partnership	Key Activities	Value Propositions	Customer Relationships	Customer Segments
1. Influencers 2. E-commerce platforms and digital payments 3. Suppliers of environmentally friendly materials 4. Creative communities and MSMEs 5. Logistics services	1. Products and quality control 2. Digital marketing and content creators 3. Live selling 4. Research on trends and behavior of Generation Z 5. Customer relationship management (CRM)	1. Unique products that are relevant to current trends 2. Affordable prices with commensurate quality 3. An engaging digital experience (creative content, live shopping, real-time interaction)	1. Two-way interaction on social media (replies, comments, DMs) 2. User-generated content (reviews, testimonials, reposts) 3. Digital loyalty programs (vouchers, points, flash sales)	1. Aged 18–28 years old 2. Digital native and active on social media 3. Accustomed to shopping online

Key Resources		Channels
1. High-quality products and raw materials 2. Creative human resources (content creators) 3. Digital accounts and assets 4. Customer data and insights into the behavior of Generation Z consumers 5. Strong brand identity		1. Social Media: TikTok, Instagram, YouTube 2. Marketplace: Shopee, Tokopedia, Lazada 3. Social Commerce and Live Shopping 4. Simple website or landing page

Cost Structures	Revenue Streams
1. Production and raw material costs 2. Digital marketing and advertising costs 3. Influencer and content costs 4. Logistics and packaging costs 5. Platform and digital transaction costs	1. Direct product sales 2. Limited edition product bundling 3. Pre-order or dropship 4. Collaboration with influencers

Source: *Data Processing Results 2025*

The Business Model Canvas (BMC) is a business framework required by a business owner for their business, so that their desired vision and mission can be achieved in the future (Herawati et al. 2019). There are nine main components in mapping the business model canvas, namely customer segments, value propositions, channels, customer relationships, revenue streams, key activities, key resources, key partners, and cost structures.

A) Customer Segments

Customer segments in MSME Fashion Products that are in line with the changing consumer patterns of Generation Z are those aged 18-28 years old, because this age range is part of Generation Z, making it the right segment. Generation Z is familiar with social media, requiring SME fashion products to target customers who are digital natives and accustomed to being active on social media. With Generation Z currently preferring to shop online rather than offline, SME Fashion Products must target customers who are accustomed to purchasing goods online. Although this segment provides a stable customer base, there is potential that may not yet be tapped into in the wider market, especially among Generation Z.

B) Value Propositions

The value proposition in fashion SME products is to provide unique products that are relevant to current trends. This is in line with the changing patterns of Generation Z consumers, who prefer unique products and tend to get bored quickly, so the products offered must be special and in line with current trends. Another value offered is related to price. Generation Z is very price-sensitive, but they also highly consider quality. Therefore, fashion SMEs must consider both aspects by offering affordable prices and good quality. Another unique feature that fashion SMEs can offer by following Generation Z consumer trends is an engaging digital experience. Given that Generation Z is highly digitally savvy, they will be more interested in products sold with creative content, purchasing through live shopping, and interacting with sellers in real time.

C) Channels

The channels that should be used by fashion product MSMEs that are in line with the preferences of Generation Z are social media that are used daily by Generation Z, such as TikTok, Instagram, and YouTube. For online sales, fashion product MSMEs should also consider marketplaces as a place to market to consumers, for example, through Shopee, Tokopedia, and Lazada. Fashion SMEs can also utilize social commerce and live shopping to attract consumers aligned with Generation Z's preferences. A simple website or landing page will also encourage consumers to make purchases.

D) Customer Relationship

Customer relationships for fashion SMEs involve building relationships with customers to ensure they remain loyal and continue to make purchases. In this case, it is tailored to the habits of Generation Z, for example, by engaging in two-way

interactions on social media by replying, commenting, or responding to messages. Fashion SMEs can also create user-generated content to ensure consumers remain loyal and make repeat purchases, such as by conducting reviews, requesting customer testimonials, and reposting on social media. Generation Z greatly appreciates unique offerings, so fashion SMEs can create digital loyalty programs such as providing vouchers, points for each purchase, or flash sales to encourage consumers to make repeat purchases.

E) Revenue Streams

Revenue streams that can be obtained by fashion product MSMEs by adjusting to the consumption patterns of Generation Z are direct sales of products to consumers and bundling limited edition products that can attract consumers, especially Generation Z, who are highly curious and do not want to miss out on current trends. Fashion product MSMEs can also take pre-orders or use dropshipping to generate revenue. In this digital and social media era, fashion SMEs can collaborate with influencers, given the significant power influencers hold in attracting Generation Z consumers.

F) Key Resources

Key resources that fashion SMEs can have in line with the preferences of Generation Z today are high-quality products and raw materials, because Generation Z is very sensitive to product quality. The human resources they have must also be highly creative, for example, by recruiting content creators to market products in order to attract Generation Z consumers to make purchases. Customer data and insights into Generation Z consumer behavior are also necessary to sell products in line with Generation Z consumer preferences. Fashion SMEs must also have a strong brand identity to retain Generation Z consumers.

G) Key Activities

Key activities of fashion product MSMEs cover the entire process from production to marketing. Fashion product MSMEs go through the product manufacturing process and quality control. To adapt to the consumption patterns of Generation Z, fashion product MSMEs must also focus on marketing that is in line with the habits of Generation Z, which is closely tied to digital and social media. Fashion product MSMEs can engage in digital marketing and create interesting content, conduct live selling, conduct regular research on Generation Z trends and behavior, and implement customer relationship management (CRM) to retain consumers.

H) Key Partnerships

Key partnerships are related to sourcing key materials and marketing products. Fashion MSMEs can focus on suppliers with environmentally friendly materials, given that Generation Z consumers are currently concerned about the environment (eco living). For marketing, fashion MSMEs can use e-commerce platforms and digital payments to make it easier for Generation Z consumers to purchase products. Fashion MSMEs must also consider appropriate logistics services so that they can deliver goods quickly and accurately to consumers.

I) Cost Structures

Company cost structures are related to the costs of running a business. The cost structures required by fashion product MSMEs include production and raw material costs to obtain suitable raw materials, digital marketing and advertising costs to ensure that the message is well received by potential consumers, influencer and content costs to attract Generation Z, logistics and packaging costs to appeal to Generation Z consumers and ensure quick delivery to consumers, as well as platform and digital transaction costs to facilitate purchases by Generation Z consumers.

IV. CONCLUSION

Changes in the consumption patterns of Generation Z have had a significant impact on the business strategies of fashion product MSMEs. Generation Z exhibits characteristics of digitally oriented consumers who are price-conscious, sensitive to sustainability and environmental issues, and prioritize shopping experiences and product personalization. These behavioral shifts require SMEs to focus not only on product quality but also on how to create, deliver, and maintain value for consumers, especially Generation Z consumers.

The application of the Business Model Canvas (BMC) to fashion product MSMEs to adapt to the changing patterns of Generation Z consumers includes the nine building blocks of the Business Model Canvas, namely customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structures. The results of the discussion show that MSMEs are required to be able to utilize social media digital technology, as well as interactive and attractive communication strategies. Meanwhile, SMEs are also required to collaborate in order to increase Generation Z consumers' interest in the products being sold.

Thus, fashion MSMEs that are able to respond to changes in Generation Z consumer patterns through BMC-based business model innovation have a greater opportunity to increase their competitiveness, market relevance, and business

sustainability in the future. This article explains that a deep understanding of consumer behavior and its translation into structured business model strategies is the key to the success of MSMEs amid market dynamics and digital economic developments. In the future, further research is recommended to examine the implementation of this business model at various MSME scales and regions in order to obtain broader generalizations.

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