

# AP Economic Insight



## Asia Pacific consumers: How they might spend in 2026 and why it matters

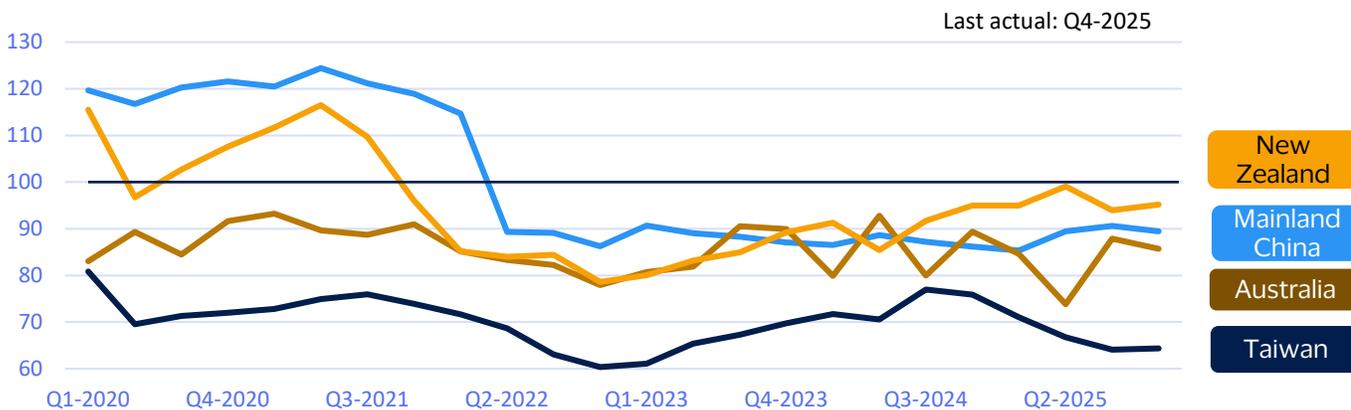
In 2026, Asia Pacific will remain the largest and fastest-growing consumer market in the world. But the spending patterns of this vast yet disparate group of consumers are often characterized by somewhat contradictory trends: Young consumers in the region face an uncertain labor market while fueling passion-driven purchases; developing countries are minting new luxury buyers faster than their wealthy counterparts; and aging consumers are spending big on leisure. Going beyond the news headlines of trade tensions and economic concerns, here are five key consumer trends to keep an eye on—creating potential new opportunities for Asian brands and merchants in the year ahead.

### The cautious consumer prevails

Economic anxiety will define consumer behavior across the region in 2026. Despite weathering recent geopolitical turbulence quite well, consumer confidence remains weak across many of the region’s countries and territories. In Mainland China, the region’s largest market, consumer sentiment fell slightly below 90 in the fourth quarter of 2025—down from a peak of 124.4 in mid-2021. In Taiwan and Australia, as well, the sentiment remained mostly unfavorable in 2025. New Zealand saw some improvement but remained below 2020-21 levels.

Global uncertainties are making consumers uneasy, but so is the employment scenario. Trade tensions continue to pose risks for export-dependent markets like Mainland China and Vietnam, while artificial intelligence threatens entry-level office jobs in the Philippines and India.

Fig. 1: A crisis of confidence among Asia Pacific consumers  
Consumer Sentiment Index, ≥100= favorable



Source: Visa Business and Economic Insights analysis of Haver Analytics data

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#### Key Points:

- Asian consumers are getting richer and splurging, even as global jitters gnaw at their confidence.
- A sizable Gen Z cohort alongside a growing silver economy will create quirky spending niches.
- Tech-hungry consumers will adopt AI-powered shopping, especially when it comes to searching and comparing products.



Youth unemployment deserves attention in Mainland China and India, the region's two largest consumer markets. In Mainland China, youth joblessness stood at 16.9 percent in November 2025.<sup>1</sup> India, which has outperformed global peers in hiring, could see hiring volumes dip in early 2026.<sup>2</sup>

On the other hand, inflation has moderated, offering some relief, but affordability remains a concern, especially as the base-effect benefits for food prices fade in 2026. After years of above-target inflation in major economies like Japan and Australia, consumers care less about runaway prices and more about whether they can afford everyday purchases. For businesses, simply slowing price hikes will not be enough. Demonstrating clear, tangible value will be essential to winning over cautious consumers.

## The passion economy takes center stage

As the youngest millennials prepare to turn 30 in 2026/ the mantle of 'kidults' those clinging on to youthful pursuits, will pass to Generation Z. But this new cohort of consumers will not be easy to decipher, as their spending patterns reflect a tension between financial pressure and emotional drivers. Competition for entry-level office roles is pushing many young adults toward the gig economy,<sup>3</sup> forcing more cautious, value-oriented budgeting. At the same time, **Gen Z is spending freely on categories tied to identity and community, fueling a passion economy built around anime, K-pop, e-sports, niche gaming and other fandoms.**

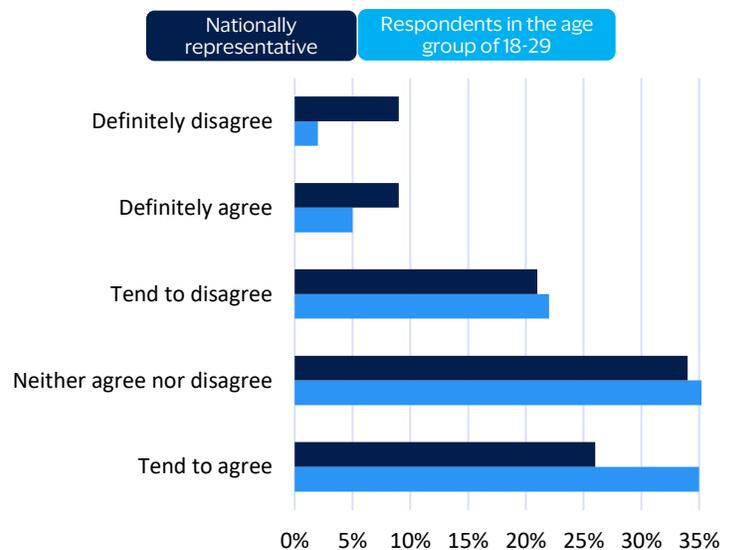
In Japan, nearly half of workers in their twenties engage in "oshikatsu"—a local term for indulging in fandom activities, supporting favorite idols or anime characters, buying merchandise and attending events.<sup>4</sup> This spending appears largely unaffected by inflation. In Mainland China, plush soft toys, concert tickets, rare anime and comics serve as both emotional outlet and status symbol, with Gen Z consumers on average spending \$133\* per month on these items.<sup>5</sup> Social media fatigue among digital natives is also driving demand for certain offline connections, further strengthening the trend.

**If passion offers clues to Gen Z's spending intent, their housing situation can help explain their purchasing power.** With rent and property prices at record highs, many young people are returning to or remaining in their parents' homes—in some cases leaning into the multigenerational living culture of certain markets—reducing their fixed costs and boosting their purchasing power. Data from Singapore shows that while the overall number of households with children has been declining, households with a youngest child over 16 years of age rose by over 12 percent from 2018 to 2024—evidence of Gen Z staying home longer and freeing up income for discretionary spending.

\*Note: Unless otherwise mentioned, all \$ values in this report refer to the U.S. dollar.

Fig. 2: Gen Z tends to splurge on emotional-support toys

Share of responses (percent) in select markets\*\* to the statement: I often buy beautiful but non-essential things



\*\* Mainland China, Japan, Malaysia, Singapore, Thailand  
Source: YouGov

Fig. 3: Living at home leaves Gen Z with more money to splurge on their passions

Number of households in Singapore by age of the youngest child



Source: Singapore Department of Statistics

## Affluent Asians will redraw the luxury map

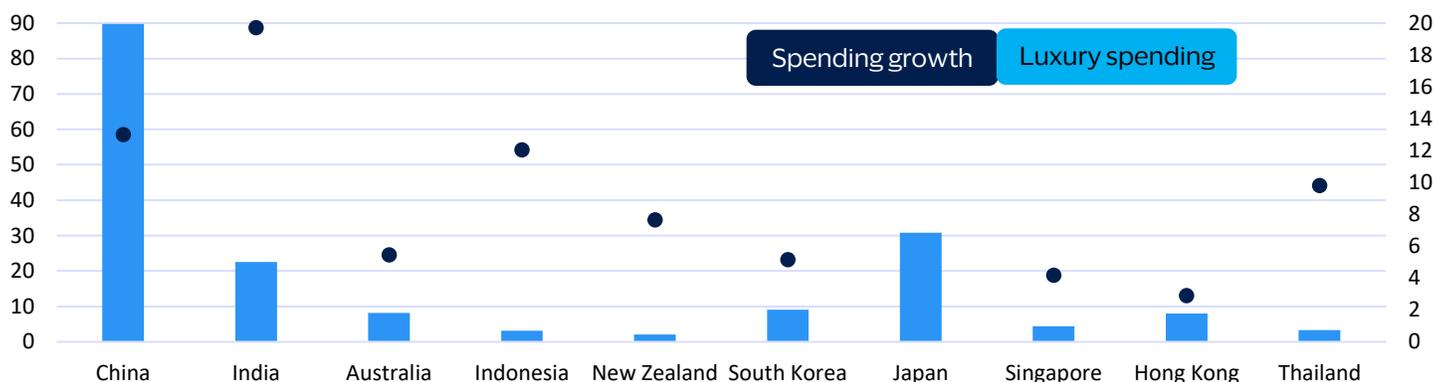
The region's consumer landscape is undergoing a structural shift as rising affluence in developing economies fuels demand for premium goods and experiences. **Visa Business and Economic Insights analysis of anonymized VisaNet data** suggests that Mainland China will remain the anchor, with expected luxury spending of \$89.8 billion and 13 percent growth in 2026.

But the most dramatic story is India, where the luxury market is forecast to surge 20 percent to \$22.6 billion, driven by urbanization, a strong tech startup ecosystem and a young demographic eager for status-affirming purchases. This pattern repeats across Southeast Asia: Indonesia's luxury market will reach \$3.1 billion while Thailand's hits \$3.3 billion, both expanding at double-digit rates. In contrast, Japan's flat trajectory at \$30.9 billion reflects a sizable but mature market affected by demographic headwinds.

The strategic implication is clear: Brands must look beyond established markets like Japan, Hong Kong, Singapore and Mainland China for faster growth. Emerging affluent consumers in developing markets are seeking accessible entry points into premium lifestyles. [Success requires localized strategies](#) that understand these aspirational consumers rather than simply transplanting approaches from mature markets.

**Fig. 4: Mainland China, Japan will remain biggest Asian luxury markets, while India will grow the fastest**

Luxury spending by cards issued in these markets to purchase globally in 2026 (\$ billion); percentage change in spending in 2023-2026



Source: Visa Business and Economic Insights analysis of data from VisaNet, Euromonitor and Statista

## The silver economy comes of age

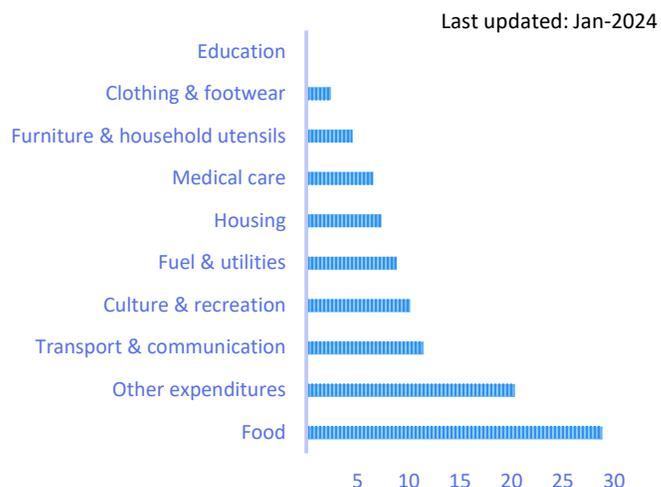
Asia is aging faster than many realize, and this holds implications for the consumer economy. In 2026, the share of population aged 65 and above will surpass 15 percent in Mainland China and Singapore, while approaching 25 percent in Hong Kong. **In fact, only 6 out of 16 countries we studied in the region will have a share of aging population below the global average of 10 percent.**<sup>6</sup>

This isn't just a story about developed economies: Developing economies like Thailand and Vietnam are catching up quickly. While those above 65 will represent nearly 10 percent of Vietnam's population, the share stands at 16.7 percent for Thailand. Even India/the world's most populous and still a very young country, has seen the national fertility rate dip below the population replacement rate of 2.1.<sup>7</sup>

While aging populations fuel concerns of slowing productivity and rising healthcare and other social costs, it is helpful to remember that this growing senior cohort commands significant disposable income and assets, amassed during decades of sustained economic growth.

**Fig. 5: Freed from education bills, mature consumers spend on leisure**

Expenditure by aged households in Japan across categories as % share of total monthly average spending



Source: Statista, e-Stat (Japan)

While healthcare and essentials claim a portion, discretionary spending of senior citizens is not insignificant. In Mainland China, State Tax department data shows revenue from fitness equipment, rehabilitation aids and nutritional products for the elderly grew 15 percent, 12 percent and 7 percent respectively in the first half of 2025, while revenue from elderly-friendly travel and entertainment surged by 20 percent.<sup>8</sup>

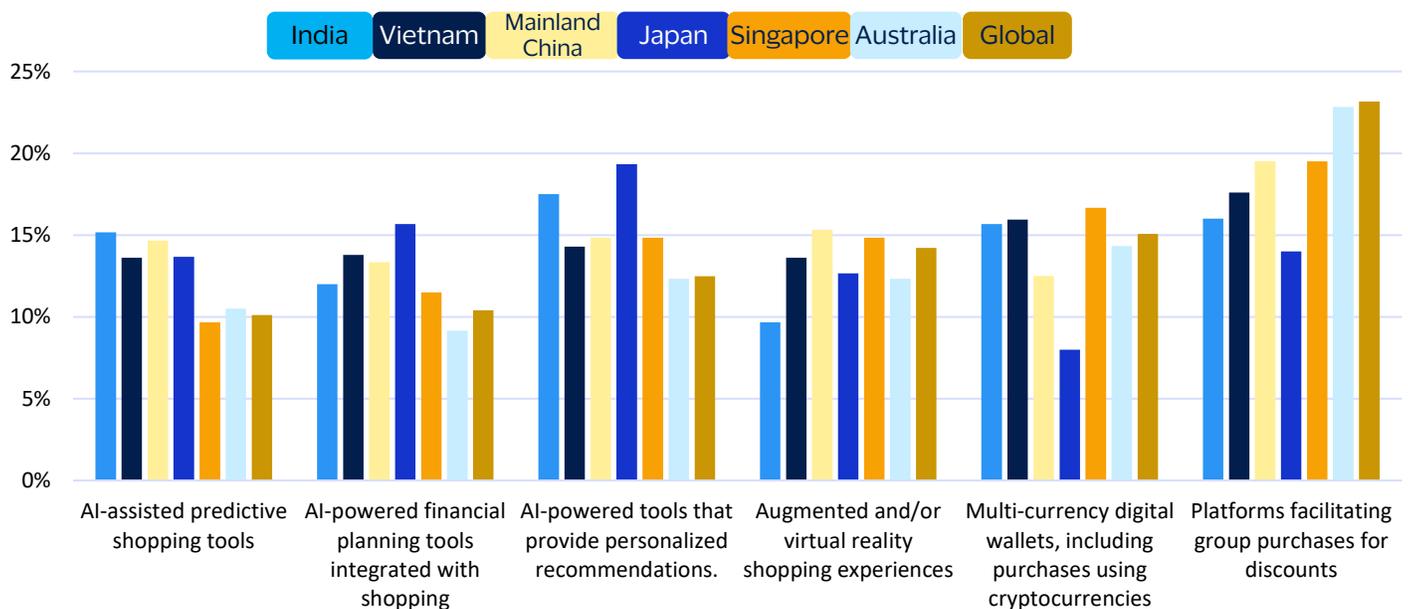
Japan demonstrates the same pattern. Senior households allocated over 11 percent of their significant monthly expenditure to culture and recreation in 2024 (see Fig. 5). This silver economy is moving beyond necessity, creating robust markets for businesses that can cater to the wellness, leisure and entertainment demands of an active and affluent older generation.

## AI-powered commerce gains traction

We expect 2026 to mark a significant step toward the mainstream adoption of agentic commerce—AI-powered assistants and platforms that automate and personalize the shopping process. The region’s tech-savvy consumers, already accustomed to e-commerce, digital payments and social commerce, are primed for this evolution. In fact, they are often more enthusiastic than their global counterparts when it comes to innovations around shopping and financial planning (see Fig. 6).

**Fig. 6: Asian consumers exhibit more enthusiasm about innovation in shopping**

Most interesting shopping innovation, percent who ranked each choice as #1



Source: Visa Payments and Commerce Trends Survey (Feb. 2025) prepared by Payments and Commerce Market Intelligence

Familiarity and usage of generative AI tools is also growing. In Australia and New Zealand, AI usage among the working-age population stands at 34 percent and 37 percent, respectively. Consumers across Singapore, Taiwan, South Korea and Vietnam also report strong adoption, scoring over 20 percent.<sup>9</sup>

However, widespread adoption of AI-driven e-commerce will depend on a clear value proposition. AI agents that save consumers time, help them find better deals or reduce friction in product discovery are likely to gain traction fastest. Yet concerns will remain—particularly around privacy and control. Consumers are often hesitant to share personal data with AI agents and even less willing to grant access to financial information. Businesses hoping to lead in this space will need to ensure their systems are not only valuable and convenient, but also transparent and trustworthy.

In the meantime, consumers are increasingly turning to AI for product discovery and comparison. As AI-based search integrations expand across e-commerce platforms, merchants will need to ensure that their products and services are easily discoverable on these applications. This will help ensure their offerings are accurately represented on AI-driven apps, while building consumer familiarity and confidence with a new way of shopping.

## Footnotes

1. *South China Morning Post*, [China's jobless rate for young people eases to 16.9% as graduates settle for less](#), February 4, 2026
2. *The Economic Times*, [More companies plan hiring in March quarter as India Inc stays upbeat, with 63% employers looking to hire](#), February 4, 2026
3. *Tokyo Weekender*, [Young Japanese workers spend big on idol fandom](#), February 4, 2026
4. [Soul App](#), February 4, 2026
5. *South China Morning Post*, [Why China's Gen Z is turning to plush toys and AI for emotional support](#), February 4, 2026
6. World Bank, [Population ages 65 and above \(% of total population\)](#), February 4, 2026
7. *The Times of India*, [India's falling fertility rateQA public health crisis](#), February 4, 2026
8. State Taxation Administration of the People's Republic of China/ [Announcement on the Implementation of the China-Macao Arrangement for Avoidance of Double Taxation](#), February 6, 2026
9. Microsoft, [Global AI Adoption 2025](#), February 4, 2026

## Accessibility notes

**Fig. 1:** The line chart shows the consumer sentiment index for Mainland China, Taiwan, New Zealand and Australia from the first quarter of 2020 through the fourth quarter of 2025, where values of 100 and above are considered favorable. Mainland China starts at 119.6, peaks at 124.4 in Q2-2021 before trending downward. New Zealand begins at 115.5 in Q1-2020 and after easing to 78.6 in Q4-2022 improves to end 2025 at 95.2. Australia starts at 83.1, and after some improvements, ends at 85.7 in Q4-2025.

**Fig. 2:** The column chart shows the share of responses to the statement “I often buy beautiful but non-essential things” across five answer categories for two groups labeled “Respondents in the age group of 18-29” and “Nationally representative.” In the first group, about 34.9 percent of respondents say they “tend to agree,” 36.4 percent “neither agree nor disagree,” 22 percent “tend to disagree,” 5 percent “definitely agree” and 1.7 percent “definitely disagree.” For the second group, 26.4 percent “tend to agree,” 34.2 percent “neither agree nor disagree,” 21.2 percent “tend to disagree,” 9 percent “definitely agree” and 9.2 percent “definitely disagree.”

**Fig. 3:** The column chart compares the number of households in Singapore by the age of the youngest child in 2018 and 2024. For households where the youngest child is below six years old, the count declines from 157,500 households in 2018 to 143,700 in 2024. For youngest child aged 6 to 11 years, the count falls from 119,500 in 2018 to 112,700 in 2024. For youngest child aged 12 to 15 years, the count increases slightly from 71,500 in 2018 to 73,000 in 2024. For youngest child aged 16 years and over, the count rises from 314,600 households in 2018 to 352,600 in 2024.

**Fig. 4:** A chart showing domestic luxury spending in 2026 in billions of U.S. dollars and the percentage change in spending between 2023 and 2026 for 10 Asia Pacific markets. Projected luxury spending amounts are approximately \$89.8 billion for China, 22.6 billion for India, 30.9 billion for Japan, 9.1 billion for South Korea, 8.2 billion for Australia, 8.0 billion for Hong Kong, 4.4 billion for Singapore, 3.3 billion for Thailand, 3.1 billion for Indonesia and 2.0 billion for New Zealand. Percent changes in spending from 2023 to 2026 are about 13 percent for China, 19.7 percent for India, -0.2 percent for Japan, 5.2 percent for South Korea, 5.4 percent for Australia, 2.9 percent for Hong Kong, 4.2 percent for Singapore, 9.8 percent for Thailand, 12.0 percent for Indonesia and 7.6 percent for New Zealand.

**Fig. 5:** The bar chart shows how aged households in Japan distribute their household expenditure across 10 categories as a percentage of total average monthly spend. Food accounts for about 28.8 percent of total spending. “Other expenditures” account for 20.3 percent. Transport and communication represent 11.4 percent. Culture and recreation account for 10.1 percent. Fuel and utilities represent 8.8 percent. Housing accounts for 7.3 percent. Medical care represents 6.5 percent. Furniture and household utensils account for 4.5 percent. Clothing and footwear account for about 2.4 percent, while education is nearly zero.

**Fig. 6:** The column chart showing the share of respondents in six Asia Pacific markets, as well as the global average, who selected different shopping innovations as their most interesting first choice. The chart includes six innovations: AI-assisted predictive shopping tools, AI-powered financial planning tools integrated with shopping, AI-powered personalized recommendation tools, augmented or virtual reality shopping experiences, multi-currency digital wallets including cryptocurrency purchases, and platforms that enable group purchases for discounts. Across the markets, the chart shows the percentage selecting each innovation as their top choice. India records selections ranging from about 9.7 percent for augmented or virtual reality to 17.5 percent for personalized recommendations. Vietnam ranges from 13.6 percent for predictive tools to 17.6 percent for group purchase platforms. China ranges from 12.5 percent for multi-currency wallets to 19.5 percent for group purchase platforms. Japan ranges from 8 percent for multi-currency wallets to 19.3 percent for personalized recommendations. Singapore ranges from 9.7 percent for predictive tools to 19.5 percent for group purchase platforms. Australia ranges from 9.2 percent for financial planning tools to 22.8 percent for group purchase platforms. The global average ranges from 10.1 percent for predictive tools to 23.2 percent for group purchase platforms.

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