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Generation Z's Strategy for Developing Digital Businesses in the Creative Economy Era

Nuril Hikmah^{1*}, Adisty Riska Hardianti²

¹⁻² Faculty of Economic and Business, PGRI Jombang University, East Java, Indonesia

Correspondence: E-mail: adistrys11@gmail.com

ABSTRACT

The development of the creative economy, supported by advances in digital technology, has opened up significant opportunities for Generation Z to develop digital businesses. This generation is known for being technologically adaptive, creative, and possessing strong entrepreneurial traits. This study aims to analyze the strategies implemented by Generation Z in developing digital businesses in the creative economy era, as well as to identify factors that support and hinder the sustainability of these businesses. The research method used is a descriptive qualitative approach with data collection techniques through in-depth interviews, observation, and documentation of digital business actors from Generation Z. Data analysis was conducted using thematic analysis to explore patterns of digital business strategies implemented. The results show that the main strategies used by Generation Z include utilizing social media as a digital marketing tool, strengthening personal branding, product innovation based on market trends, and utilizing digital platforms for operational efficiency. In addition, digital literacy, creativity, and the ability to adapt to market changes are key factors in the success of digital businesses. This study is expected to provide theoretical contributions to the development of digital entrepreneurship studies and serve as a practical reference for the younger generation and stakeholders in encouraging the growth of digital businesses in the creative economy sector.

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1. INTRODUCTION

The rapid development of digital technology has driven significant transformations in various economic sectors, particularly the creative economy (Suryani & Febriani, 2019). Digitalization has not only changed consumer consumption patterns but also created new opportunities for digital-based business development. In this context, the younger generation, particularly Generation Z, is a key player in the growth of digital businesses due to their inherent affinity for technology, innovation, and high adaptability to digital change (Ambarwati et al., n.d.).

Generation Z is known as a generation that grew up and developed amidst the advancement of the internet, social media, and digital platforms. This situation gives Generation Z great potential to create and develop digital businesses, such as social media-based businesses, e-commerce, content creation, and various other forms of digital creative endeavours (Perbankan Syariah Fakultas Ekonomi Bisnis Islam, n.d.). The increasing number of digital entrepreneurs from Generation Z indicates a paradigm shift in entrepreneurship from conventional models to more flexible, creative, and technology-based digital models.

Although digital business opportunities in the creative economy era are increasingly open, Generation Z also faces various challenges in developing their businesses. Increasing market competition, rapidly changing digital trends, limited capital, and low business sustainability are common challenges faced by young digital entrepreneurs (Razak, n.d.). Furthermore, not all Generation Z digital entrepreneurs have well-developed strategies for business management, digital marketing, and product innovation development, potentially hampering long-term business growth (Herlianti et al., 2024).

Although digital business opportunities in the creative economy era are increasingly open, Generation Z also faces various challenges in developing their businesses. Increasing market competition, rapidly changing digital trends, limited capital, and low business sustainability are common challenges faced by young digital entrepreneurs (Hasdiansa, 2025). Furthermore, not all Generation Z digital entrepreneurs have well-developed strategies for business management, digital marketing, and product innovation development, potentially hampering long-term business growth (Febriani et al., 2025).

Based on these phenomena and research gaps, this study is crucial for an in-depth examination of the strategies employed by Generation Z in developing digital businesses in the creative economy era. This research is expected to provide theoretical contributions to the development of generation-based digital entrepreneurship literature, as well as practical contributions for young people, business actors, and stakeholders in designing policies and programs to support sustainable digital entrepreneurship.

2. METHODS

This research uses a qualitative approach with exploratory descriptive methods. The qualitative approach was chosen to gain a deep understanding of the strategies implemented by Generation Z in developing digital businesses in the creative economy era, including their experiences, decision-making processes, and the dynamics encountered in digital entrepreneurship practices (Gerring, 2017).

Exploratory descriptive methods are used to systematically and factually describe phenomena based on empirical data in the field. This research was conducted in Jombang Regency, East Java, Indonesia, focusing on Generation Z digital entrepreneurs operating in

the creative economy sector (Sundler et al., 2019). The research took approximately 3–4 months, encompassing preparation, data collection, data analysis, and report preparation. The research subjects were digital entrepreneurs from Generation Z who met the criteria of Generation Z aged between 18–27 years, had a digital-based business (social media, marketplace, content creation, digital services, or digital creative products), the business had been running for at least 6 months, and were directly involved in business management and decision-making.

Informant selection was conducted using purposive sampling, a technique for determining informants based on specific considerations relevant to the research objectives (Febriani et al., 2025). The number of informants was determined flexibly until data saturation reached, when no significant new information was found. Data collection in this study was conducted through several techniques, including interviews, observation, and documentation. This study used two types of data: secondary data and primary data.

Data analysis was carried out using thematic analysis with the following stages:

1. Transcription of interview data.
2. Reading and understanding the entire data.
3. Coding process to identify key themes.
4. Grouping codes into strategic themes.
5. Interpreting and drawing conclusions based on the strategic patterns identified.

Data analysis was conducted simultaneously from the data collection process through the final stages of the research to ensure the depth and accuracy of interpretation. The validity of the data in this study was guaranteed through triangulation techniques. This study adhered to ethical research principles, including informed consent, confidentiality of informant identities, and the use of data for academic purposes only.

3. RESULTS AND DISCUSSION

3.1 Research Informant Profile

This research involved several informants who are digital entrepreneurs from Generation Z. Informants come from various creative economy business sectors, including online culinary businesses, fashion and accessories, graphic design services, content creation, and product sales through marketplaces and social media. Most of the businesses have been running for between 6 months and more than 2 years, with a micro and small business scale. Informants are directly involved in the business management process, from production and marketing to interaction with consumers.

3.2 Generation Z's Strategy in Developing Digital Businesses Utilizing Social Media as a Primary Marketing Strategy

The research results show that social media is Generation Z's primary strategy for marketing digital businesses. Platforms like Instagram, TikTok, and WhatsApp Business are used to promote products, build engagement with consumers, and increase brand visibility. Informants actively create visual content and short videos that follow digital trends, such as the use of hashtags, popular music, and live streaming features. This strategy is considered effective in reaching a wide range of consumers at a relatively low cost. This finding aligns with the concept of digital entrepreneurship, which emphasizes the role of social media as a flexible, interaction-based marketing tool. Generation Z leverages their familiarity with digital technology to create content relevant to their target market, thereby increasing consumer engagement and purchasing interest.

Strengthening Personal Branding and Business Identity

In addition to product marketing, Generation Z also employs strategies to strengthen personal branding as part of their digital business identity. Informants showcase their unique personalities, the stories behind their businesses, and the values they want to convey through digital content. This approach fosters an emotional connection between consumers and businesses.

Personal branding strategies have been proven to increase consumer trust and differentiate businesses amidst increasingly fierce digital market competition. This supports previous research findings that suggest personal identity and authenticity are crucial factors in building customer loyalty in the creative economy era.

Product Innovation and Adaptation to Market Trends

The research also shows that product innovation is a key strategy in developing Generation Z digital businesses. Informants routinely update products, including design, packaging, and service variations, based on emerging trends on social media and consumer feedback. Responding quickly to changing trends is a key advantage for Generation Z compared to conventional businesses.

Innovation is experimental and gradual, utilizing digital tools to test market response. This strategy reflects the adaptive nature of Generation Z and its focus on continuous learning (learning by doing).

Utilizing Digital Platforms for Operational Efficiency

Generation Z utilizes various digital platforms, such as marketplaces, digital payment apps, and logistics services, to improve business operational efficiency. The use of digital technology helps businesses manage transactions, simplify financial records, and distribute products more effectively. This strategy not only reduces operational costs but also expands market reach without the need for physical stores. These findings indicate that operational digitization is a critical factor in the sustainability of Generation Z's digital businesses.

Supporting and Inhibiting Factors in Digital Business Development

Key supporting factors in the development of digital businesses among Generation Z include high digital literacy, creativity in content creation, and easy access to technology and digital platforms. Social support, such as creative communities and digital networks, also plays a role in broadening business horizons and opportunities for collaboration.

On the other hand, research has identified several inhibiting factors, including limited business capital, a lack of managerial skills and long-term business planning, and highly dynamic digital market competition. Reliance on social media trends also poses a challenge, as changes in algorithms and consumer preferences can impact business stability.

The results of this study provide theoretical implications that Generation Z's digital entrepreneurship strategies focus not only on technological aspects, but also on creativity, personal identity, and adaptability to the creative economy ecosystem. Practically, these findings can serve as a reference for young people seeking to develop digital businesses, as well as for stakeholders designing training programs, mentoring, and policies that support generation-based digital entrepreneurship.

4. CONCLUSION

This research demonstrates that Generation Z plays a strategic role in the development of digital businesses in the creative economy era through the creative and adaptive use of digital technology. Key strategies implemented include utilizing social media as a marketing tool, strengthening personal branding, product innovation based on market trends, and

utilizing digital platforms to improve business operational efficiency. These strategies enable Generation Z entrepreneurs to reach a wider market at a relatively low cost and build closer relationships with consumers.

In addition to business development strategies, this research also identifies supporting and inhibiting factors in managing Generation Z digital businesses. Digital literacy, creativity, and easy access to technology are key factors supporting business success, while limited capital, suboptimal managerial skills, and the dynamics of digital competition are challenges that must be overcome. Therefore, the sustainability of Generation Z digital businesses is determined not only by technological mastery but also by the ability to plan long-term business and adapt.

Overall, this research provides theoretical contributions to enriching the study of generation-based digital entrepreneurship and practical contributions for young people, entrepreneurs, and stakeholders in designing strategies and policies that support the development of sustainable digital businesses in the creative economy sector.

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