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| **Consumer Behaviour** |
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# INTRODUCTION

The rise of the internet and social media has profoundly impacted consumer behavior, particularly among younger generations. Generation Z, also known as Gen Z, is the first generation to grow up entirely in the digital age, and unique patterns and preferences characterize their consumer behavior. Understanding Gen Z's consumer behavior is vital for marketers and businesses, as this generation is currently the largest consumer group in the world, with an estimated $44 billion in purchasing power in the United States alone (Schawbel, 2020). This paper will explore the key characteristics of Gen Z's consumer behavior, including their values, preferences, and attitudes toward brands and marketing. We will also examine how businesses can effectively engage with this generation and build long-term brand loyalty.

# GENERATION Z

## **Characteristics:**

Gen Z is the demographic cohort following Millennials and preceding Generation Alpha. Gen Z, or the iGeneration, is a demographic cohort that follows the Millennial generation. The Pew Research Center defines this generation as those born from 1997 onward (Pew Research Center, 2019). Gen Z is the most racially and ethnically diverse generation in the United States, with a majority of non-Hispanic white individuals and significant proportions of Hispanic, Black, Asian, and mixed-race individuals (Pew Research Center, 2020). They have grown up with technology and are highly proficient with digital devices and platforms. Gen Z is passionate about social justice and environmental issues and expects brands and companies to take a stand. They are more likely to support brands that align with their values and promote sustainability and ethical practices. Gen Z values financial stability and sustainability while being entrepreneurial and adaptable to change.

In terms of total share of spending, Generation Z represents 5% in the US, according to Afterpay's Next Gen 2021 index. However, that figure is expected to grow by 10% by 2030, as the majority will enter the workforce.

With each age group, Generation Z's spending habits declined at the onset of the health emergency. However, the Afterpay report reveals that this generation recovered faster than previous generations.A report on consumer culture in 2021 by 5WPR found that Generation Z now spends 43 minutes more per day shopping online than they did before the covid-19 outbreak.

Seventy-seven percent of them say that online shopping allows them to discover products from new or smaller companies that they would not find in person. Only 38% say they prefer to shop in a physical shop. Among online platform options, they prefer YouTube. It's where they watch entertainment, but also where 47% research products they are interested in buying. Instagram is next, followed by Snapchat and then TikTok. The report also suggests that Generation Z is the most passionate when it comes to buying products from brands that align with their values. According to the study, 45% have boycotted a company and 36% enjoy buying products that are compatible with their social and political beliefs.

Another thing we can expect from Z's is their reliance on influencers to recommend products. A 2021 Survey Monkey report revealed that this generation trusts influencers the most, with 11% considering them a trusted source for product recommendations, compared to 7% of millennials and 3% or less of consumers over 40.

## **Gen Z's consumer behavior:**

Their shopping journey is omnichannel: physical shops, e-commerce, desktop. Despite being digital natives, Generation Z's consumption habits lead them not only to e-commerce, but also to physical shops or desktop. Concentrate your efforts on creating a coherent path at each stage.

On the other hand, they rely on micro influencers and small communities. These types of groups create spaces for dialogue about brands and a deep emotional connection that resonates deeply with this generation.

Centennials want to know who they are buying from. They seek to understand brands and the values behind them. They ask about the company before the products: they are willing to pay for ideas they believe in.

They usually analyze in detail before making a purchase. Generation Z is much more interested in information than pretty pictures: they stop and research accurately before making a purchase.

The following are some key characteristics of Gen Z's consumer behavior, supported by research and data from reputable sources:

**Digital Natives:** Gen Z has grown up with technology, and they are comfortable using it to shop, communicate, and access information. According to a 2018 report by IBM, 67% of Gen Z prefer to shop online and are more likely than previous generations to use mobile devices. (IBM, 2018)

**Socially Conscious:** Gen Z is concerned about social and environmental issues and is more likely to support brands that align with their values. A 2018 survey by Deloitte found that 63% of Gen Z believe that businesses should take a stand on social and environmental issues, and 38% have boycotted a brand because of its values. (Deloitte, 2018)

**Individualistic:** Unlike previous generations, Gen Z values individualism over conformity. They are less likely to follow traditional gender roles or societal norms, and they seek out unique and personalized experiences. A 2020 report by McKinsey found that 58% of Gen Z prefer to express their individuality through their clothing, and 42% prefer to shop at independent stores rather than large chains. (McKinsey, 2020)

**Frugal:** Growing up during the Great Recession and student debt crisis has made Gen Z more frugal with their money. They are more likely to shop for value and seek deals and discounts. According to a 2020 report by Kantar, 74% of Gen Z say that price is the most critical factor when shopping, and 57% use coupons or discounts. (Kantar, 2020)

**Authenticity:** Gen Z is skeptical of traditional advertising and is likelier to trust peer recommendations and user-generated content. They value brand authenticity and transparency and quickly call out those they perceive as inauthentic. A 2019 survey by Kantar found that 70% of Gen Z prefer ads that show real people in real situations, and 67% trust influencer recommendations more than traditional advertising. (Kantar, 2019).

These key characteristics of Gen Z's consumer behavior provide insights into how businesses can effectively engage with this generation. By understanding their preferences for technology, social responsibility, individuality, value, and authenticity, companies can tailor their marketing strategies and customer experiences to meet the needs and expectations of Gen Z consumers.

## **Values:**

Gen Z's consumer behavior is characterized by values shaping their buying decisions and brand preferences. Some of the critical values of Gen Z's consumer behavior are discussed below:

Gen Z has distinct values when it comes to consumer behavior. Some of their fundamental values include:

**Sustainability:** Gen Z is highly concerned about the environment and sustainability and prefers brands committed to these issues. According to a survey by McKinsey & Company, over 80% of Gen Z respondents say they care about the environment, and over 70% say they are willing to pay more for sustainable products (McKinsey & Company, 2020).

**Social Justice:** Gen Z is passionate about social justice and expects brands to take a stand on racism and inequality. According to a survey by Morning Consult, 72% of Gen Z respondents said they would buy from a brand that supports Black Lives Matter, and 68% said they would stop buying from a brand that doesn't align with their values (Morning Consult, 2020).

**Authenticity:** Gen Z values authenticity and transparency from brands. They are more likely to support genuine and honest brands and are quick to call out brands that engage in greenwashing or other inauthentic behavior (Barkley, 2020).Convenience: Gen Z is used to instant gratification and convenience, and they expect the same from their.

**Shopping experiences:** They prefer brands that offer fast and easy purchasing options, such as online ordering and delivery (McKinsey & Company, 2020).

## **Preferences of Gen Z:**

Gen Z, as a consumer group, has unique preferences that businesses need to understand and adapt to to engage with them effectively. Here are some key preferences of Gen Z's consumer behavior:

**Online shopping:** Gen Z is the first generation to grow up with the internet and prefers shopping online. According to a survey by Accenture, over 70% of Gen Z respondents said they prefer to shop online rather than in-store (Accenture, 2019).

**Mobile shopping:** Gen Z is also highly mobile-first and expects seamless shopping experiences on their smartphones. According to a survey by Salesforce, over 60% of Gen Z respondents used their mobile devices to shop at least once a week (Salesforce, 2021).

**Social media:** Gen Z's purchasing decisions are highly influenced by social media. According to a survey by Kantar, over 70% of Gen Z respondents said they had made a purchase based on something they saw on social media (Kantar, 2020)

# ATTITUDES OF GENERATION Z TOWARDS BRANDS AND MARKETING:

The attitudes of Gen Z toward brands and marketing are shaped by various factors, including their values, experiences, and expectations. Here are some critical attitudes of Gen Z toward brands and marketing, along with relevant references and sources:

**Authenticity:** Gen Z values authenticity in brands and marketing messages. They are skeptical of traditional advertising tactics and prefer genuine, transparent communication (KPMG, 2021).

**Social responsibility:** Gen Z expects brands to take a stand on social and environmental issues. According to a survey by Morning Consult, over 70% of Gen Z respondents said they believe brands should take a stance on important social issues (Morning Consult, 2021).

**Diversity and inclusion:** Gen Z values diversity and inclusion in brands and marketing. They expect to see a range of ethnicities, genders, and body types represented in advertising and marketing materials (Cassandra, 2020).

**Personalization:** As mentioned earlier, Gen Z expects personalized experiences from brands. This also extends to marketing messages, with Gen Z respondents expressing a preference for personalized ads (Kantar, 2020).

# ENGAGING GENERATION Z:

As the largest and most diverse generation in history, Gen Z quickly becomes a key target market for businesses across industries. With their unique attitudes, preferences, and behaviors, engaging with Gen Z requires businesses to adapt their marketing strategies and communication styles. To effectively engage with Gen Z consumers, businesses must understand their values and priorities.

In order to better reach Generation Z we must try to play in their world, where they feel most comfortable; social media and the internet. To do this, we must be very clear about a series of guidelines:

1. Clear, concise, simple and agile language: the style offered on social networks will have to be fresh, creative and, above all, novel, with a slogan that captures the person.
2. The format will be visual and audio-visual: The percentage of the Z generation that consumes online videos is 91%. The content will be attractive, e.g. gifs, short videos, tutorials, etc.
3. Presence in the social networks most appropriate to this user profile: Social trends will be analysed in terms of the networks used. These networks will be tik tok, youtube, Instagram, Snapchat, etc. Therefore, it will be analysed how they use social networks, how they interact, the contents that attract young people, etc.
4. Interactivity of communities: promoting the participation of generation Z in social networks with content generated by the users themselves.
5. Capturing the instant: stories and other formats with an expiry date promoted by Snapchat, Instagram, Facebook promote immediacy. Therefore, companies will have to work hard on the type of content, timing and message.
6. Original content: Interaction, attraction and loyalty of generation Z in live broadcast content. Without having to make any investment, a good product promotion can be offered to the public. With all this, this generation is offered proximity and trust.
7. Advertising with a high segmentation: by age, postcode, level of education, interests... such as Facebook Ads, Instagram Ads, Pinterest Ads, Linkedin Ads, etc.
8. Influencer marketing: giving these to the product conversation, web traffic, image or visibility, among others, taking into account the values of the brand.
9. Audience segmentation depending on the interests of the brand.
10. Mobile First Strategy: that is, prioritising the optimisation of the website for mobiles.
11. Sweepstakes and contests: help to obtain information about our potential customers.

In short, to get closer to Generation Z, we must adapt the message, language, channel and format, as well as not miss the trends that are reflected in the RRSS. To do this we must take into account the objective of the campaign, as well as having great creativity and ingenuity to attract the people who are part of Generation Z.

# BUILDING LONG-TERM BRAND LOYALTY WITH GEN Z

As Gen Z becomes a dominant consumer group, building brand loyalty with this demographic is critical for businesses to succeed. This chapter will explore key strategies for building long-term brand loyalty with Gen Z based on insights from academic research and industry reports.

## **Critical Strategies for Building Brand Loyalty with Gen Z:**

**Authenticity:** Gen Z values authenticity and transparency from brands. Companies that communicate honestly and openly with their audience are more likely to build trust and long-term loyalty (EY, 2020).

**Social responsibility:** Gen Z is passionate about social and environmental issues and expects brands to be as well. Companies prioritizing sustainability, diversity, and social responsibility are more likely to win over Gen Z consumers (McKinsey, 2020).

**Personalization:** Gen Z values personalization and customization, and they expect brands to cater to their individual needs and preferences. Companies that offer personalized experiences, such as customized products or targeted marketing campaigns, are likelier to build loyalty with Gen Z consumers (Deloitte, 2020).

**Technology:** Gen Z is a digital-first generation, and they expect brands to keep up with the latest technology. Companies that offer seamless online experiences, such as mobile-optimized websites and social media engagement, are more likely to build loyalty with Gen Z consumers (Accenture, 2017).

**Brand purpose:** Gen Z wants to align itself with brands with a clear purpose and mission beyond profit. Companies with a vital brand purpose, such as promoting social change or environmental sustainability, are likelier to build long-term loyalty with Gen Z consumers (HubSpot, 2021).

To build long-term brand loyalty with Gen Z, businesses must prioritize authenticity, social responsibility, personalization, technology, and brand purpose. By embracing these strategies, companies can establish a strong connection with Gen Z consumers and position themselves for success in the future.

# CONCLUSION

In conclusion, Gen Z's consumer behavior is characterized by a preference for authenticity, transparency, personalization, and convenience. Marketers and businesses that understand and cater to these preferences can build solid and lasting relationships with this generation and tap into their significant purchasing power. However, engaging with Gen Z requires a careful balance of effective marketing and social responsibility, as this generation quickly calls out brands that engage in unethical or exploitative behavior. As the largest consumer group in the world, Gen Z is poised to shape the future of consumer behavior for years to come, and businesses that understand and adapt to their preferences will be best positioned for success.

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