5. Generation Z consumer behaviour

Introduction

Generation Z is becoming a large consumer segment, so it is important to focus on them (from the perspective of brands) to be successful in their business. This generation of consumers brings new consumer behaviour (their preferences, values, and behaviors) and new methods of selling goods and services. Since

Generation Z differs from previous generations, it is important for brands to get the attention of members of this generation in order to gain their trust and loyalty.

Chapter 1 - Generations

Generations division is based on the years when people are born. For each generation, there are some typical aspects and characteristics of their behavior. Based on these, businesses, or marketing agencies can use technics and tools to impress and gain the attention of a generation they want to make buy their products or services. According to Martensen (2022), the division of generation is following:

Generation:	Born (years)
The Greatest Generation	1901-1924
The Silent Generation	1925-1945
Baby Boomers	1946-1964
Generation X	1965-1980
Millennials	1981-1998
Generation Z	1999-2016

Chapter 2 - Generation Z

According to Francis and Hoefel (2018), Gen Z or digital natives are people who were born between the years 1995 and 2010. However, the exact "from-to" years of this generation are not known as many different authors use different years. For example, Pichler, Kohli, and Granitz (2021) claim that Generation Z members were born between the years 1995 and 2012 whereas Sladek and Grabinger (2014) say that the years are from 1996 to 2009. Francis and Hoefel (2018) use the name digital natives for this generation as it adds given to them due to the fact that they were growing up using the internet, social networks, and mobile systems. We can say that they use technology as an instrument for their day-to-day way of living (Priporas et al, 2017). Based on research by The Center for Generational Kinetics written by Jared Boucher (2018), 95% of Generation Z use smartphones for 5 and more hours per day. More than half of Generation Z use their smartphones even after midnight. A study published in Voyado (2023) found that Generation Z is likely to use also mobile payments through mobile wallets and mobile apps to pay for the goods they buy online.

Sladek and Grabinger (2014) say that the members of Gen Z were born into very difficult situations as during their time, they went through difficult political, economic, and social

changes (e.g. climate change, terrorism, social media, and over-protective parents). This caused Generation Z to be more mindful and cautious about the things happening around them with the aspiration to make a change in the world.

Sladek and Grabinger (2014) also point out that Generation Z and the previous generation (Gen Y) could not be more different as both these generations were brought up by their parents in two distinct ways which are reflected in their way of living. Therefore, to understand the consumer behaviour of this generation, Pichler et al (2021) suggest that companies need to fully understand how this generation was influenced and how it was shaped.

According to Sladek and Grabinger (2014), Generation Z consumers are cautious about how they deal with their finances. This may be seen in the United States due to the financial crisis that happened in 2008 as they witnessed people in their surrounding lose everything. They also point out that Generation Z shoppers are not the type of shoppers who impulsively buy goods or services. Instead, Generation Z shoppers do thorough research to make sure that the thing they want is actually worth their money. They either go to the given store personally (e.g. to ask the staff for some information or just to see the given product/service) or through online research (e.g. to find coupons or membership discounts). However, if they decide to go to a store personally, Kim et al (2022) claim that based on their study, they prefer a contactless service rather than a salesperson.

Thangavel et al (2022) focused on Generation Z as online buyers and divided them into four segments: economic-quality seekers, convenience shoppers, deal-hunting-convenience seekers, and brand and quality-conscious shoppers. The first segment, economic-quality seekers indicates that one-fourth of Generation Z shoppers look for quality products that cost a reasonable price. In the process of choosing the product they want to buy, they compare products on online platforms and choose it carefully. What is interesting, this segment is not oriented on convenience and brand consciousness. Due to this fact, sellers do not have to offer delivery at a doorstep, they can let buyers pick up their products at the common pick-up point which would save cost and the price can be reduced to win the loyalty of these buyers. This segment also consistently switches between brands that suit them the most. The second segment, the convenience shoppers had a positive score only on convenience orientation. The lowest score was measured in loyalty. That means buyers from this segment do not need loyalty cards or coupons. However, they would appreciate discounts, freebies, and free delivery. They also found the door-step delivery, paid-fast delivery, and easy return policy as very effective to satisfy them. For the third segment, deal hunting-convenience seekers, is typical that they tend to be price consciousness and convenience-oriented. These shoppers look for lightning deals and discounted sales. What e-retailers should do is send an e-mail to these shoppers with the daily deals and discounts. Furthermore, this segment has the highest number of buyers with a longer period of internet usage (6+ years). Moreover, this segment is not confused by over-choice. The main characteristics of the last segment, brand- and quality-conscious shoppers, are brand consciousness and quality consciousness. These shoppers may believe that just the well-known brands can offer them the best quality products. Shoppers from this segment do not worry about the price so much. When targeting this segment, retailers should try to build a good reputation through advertising, celebrity involvement, or association of the brand with social causes.

As reported by The Shelf, an influencer marketing agency, Stone, (2023), Generation Z is very loyal to brands. However, to gain their loyalty, brands need to fulfill the expectations of this generation. This generation cares about the brand's mission, values, and quality and if they are satisfied with these aspects, they can be loyal to a brand. Two in three assumed that they will stick with a brand they like and they will be buying from them for years. They also found out that 65% of Generation Z appreciate rewards programs that brands can offer, and they choose a brand with the most suitable reward program for them. Generation Z would appreciate for example a reward like one product free, a birthday discount, or a special discount. As this generation is still getting money from their parents, the price is very important for them.

According to research by Šramková and Sirotiaková (2021), women from Generation Z, especially those with a university degree are more likely to change their shopping behavior than men. Furthermore, men with basic education are likely to change their shopping behavior the least. These men prefer to live stereotypically without many changes. They just satisfy their basic needs by always buying the same food and watching football and activities like this. It can be said that changing shopping behavior is based on a level of education. The higher level of education a person has, the more he or she thinks about the issues and considers the pros and cons of buying something and changing their consumer behavior.

Sladek and Grabinger (2014) point out that since this generation is so heavily dependent on the internet, they are heavily exposed to many brands every single day. For example, people are exposed to advertisements on their social media, mobile game, or other apps. They also point out that if a good or bad experience occurs, they let the people in their surroundings know about it by either writing text, a review, or a simple post on their social media. Gutierrez (2021) points out in his research that within a month, 69% of Gen Zs use YouTube, 67% use Instagram, then closely together Snapchat and Facebook at 58% and 57%, TikTok at 46%, and lastly Twitter with 35%. These percentages tell us that many Gen Zs use several social media platforms per month. According to research by Boucher (2018), almost half of Generation Z (46%) follow more than 10 influencers on social media platforms. Concerning brands on social media, 73% of Generation Z follow at least one brand and 52% of this generation follow three or more brands. The effect of influencer marketing on Generation Z has been supported by Voyado (2023), who said that 65% of Generation Z have purchased something based on an influencer's recommendations. It was also said that this generation uses social media platforms for seeking inspiration, connecting with brands, and researching products. About 60% of Generation Z use Instagram platform to find new brands, products, and services.

Francis and Hoefel (2018) claim that it is important for this generation to express their own individual identity. This means that Generation Z is comfortable with paying extra money to different brands in order to point out their individuality. This makes them stand out from the crowd and be their own selves.

According to Sandel (2018), Generation Z is also focused on buying goods and services from businesses they believe are purposeful. That means, companies must fulfill the purpose that is suitable for this generation. This generation can find out the content and the purpose of the company online and decide if the purpose is filled.

Wood (2013) said that convenience is the other important aspect of consumer behaviour of Generation Z. This generation wants products that save their time and help them, for example, products that are easy to cook or set up. Also, they tend to buy online products that are easy to deliver. Wood also claims that this generation has a desire for some opportunity to escape as they live in a stressful environment. They would escape for example by buying and playing video games that are realistic or getting access to social networks for 24 hours. This makes them to create virtual worlds with many products which are needed for this.

Francis and Hoefel (2018) also point out that Generation Z is increasingly expecting brands to be more and more ethical. This means that brands should be aware of things such as partners and suppliers and be transparent about the issues that are happening due to the fact that consumers are less likely to buy goods or services from brands that are not considered ethical or were involved in scandals. This could also cause consumers will feel less comfortable supporting brands that are not ethical or are in a scandal and their individual identity may be disrupted. Consumers are also more likely to forgive brands that make a mistake and immediately address it and fix it. However, if brands are avoiding the allegations of which they are being accused, they might lose on sales as consumers do not want any involvement with brands like these. Gutierrez (2021) supports this claim with his research saying that 25% of Generation Z consumers consider transparency when deciding whether to buy goods/services from a brand.

If we talk about clothing for example, it is a way of self-expression for Generation Z consumers as they express how they feel about such brands that they wear and their "views" on the world (Harris et al, 2016). This could be connected to a trend called "fast fashion" where consumers buy clothing items for low and affordable prices. According to Remy et al (2016), consumers shop for clothing way more often nowadays than they did in the past. They also pointed out that this clothing is only worn also way less than it was in the past which causes these pieces of clothing to be thrown out of their closet. It is also mentioned that fast fashion faces many social and environmental problems such as: clothing requires a large amount of water and also chemicals which causes harmful gases to escape into the atmosphere; employees are working in dangerous environments and are often underpaid. Though these issues are known among Generation Z consumers, we can still see that some do not care about these issues enough to stop buying from these brands and prefer price over sustainability. This claim could be supported by research done by Gutierrez (2021) where he pointed out that 62% of Generation Z consumers think that affordable goods/services are important when buying goods/services from a brand.

Nowadays, it is a standard for a brand to have accounts on the major social media platforms as consumers use them on a daily basis to either communicate with their friends, families, and colleagues or just purely for entertainment or news. According to Saydan and Dülek (2019), companies should put maximum effort into their social media accounts in order to gain social media following due to the fact that many Generation Z consumers use them which causes them to be more connected with the given brand by simply commenting, sharing, or liking their posts. They also mention that if a brand gains this social media following, it is then easier for them to reach and then persuade the consumers to consider the purchase of the brand's goods or services (e.g., through an advertisement). Therefore, a brand needs to maintain a

certain brand image and make more and more consumers aware of the given brand. According to Gutierrez (2021), 61% of Generation Z consumers follow their favourite brands on social media, saying that 43% of Generation Z consumers are more inclined to buy goods/services from the brand. He also says that if a brand has a great social media presence, then 29% of Generation Z consumers are inclined to buy goods/services from the brand.

Generation Z consumers have different sources of inspiration when considering whether to buy goods/services from a brand. According to Gutierrez (2021), 51% of Generation Z consumers use shopping websites, 47% use social media, 45% get their information from friends and family, 44% in-store, and only 17% from television. As we can see, many Generation Z consumers use more than one source. Generation Z also uses different social media platforms when doing research. Among these platforms, YouTube represents 47% of Gen Zs, then Instagram with 29%, Facebook with 21%, TikTok with 17%, and lastly Pinterest with only 6%. Once again, we can see that Generation Z consumers use more than one social media platform for their research.

Another trend in consumer behaviour of Generation Z is the passion for innovation. As said before, this generation grew up surrounded by many types of technologies and innovative products, so they focused on buying innovative products which bring something new. Generation Z is not afraid of changes. This generation believes that innovation and changes to do something better are necessary and the pace of progress must be faster and faster. So, they tend to buy products with the newest technologies or trends. (Wood, 2013)

Šramková and Sirotiakov (2021) point out that Generation Z does not yet have strong purchase power due to the fact that their parents buy them most of the goods and services that they need (this is true only for some, not all members). However, this is very likely to change in the near future as members of Generation Z will grow up into adults and start having their own households and families. For example, they will be more demanding of the quality of their goods, such as food. Therefore, they will be forced to buy goods and services for themselves.

Conclusion

We can conclude that this generation is extremely dependent on their technology (e.g., smartphones, computers, internet, etc.) because they were growing up using them. This causes them to be more likely to make a purchase online. They are very cautious about how they deal with their money and therefore do not buy goods and services that they do not need. Generation Z also likes to show off their individuality by buying goods and services that they deem purposeful and makes their life more convenient. Another important thing is that they are buying goods that help them escape to a virtual world (such as video games). They are mainly focusing on retailers who follow ethical principles (e.g. they do not support child labour, underpaying their workers, etc.). Passion for innovation is very typical for this generation as they thrive to experience something new.

This generation also spends a lot of their free time on social media which causes them to be influenced by the brands on them into making a purchase of their goods and services. And if a brand wants to persuade its customers, it should maintain having its social media profiles interesting and follow trends.

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