

Profiling purchasing behavior of Generation Z

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Abstract: Generation Z has emerged as one of the most mystifying consumers as they are tech-savvy, digitally connected and educated users of technologies in the marketplace. These digital natives are predicted to account for around 40% of all consumer shopping by 2020. Their cognitive power and social media networking have made them the market mavens who possess a wide range of information and consumer knowledge about many dimensions of the markets. To be the leader in the marketplace where so many options are available due to the free trade economy, marketers have to escalate their knowhow about their customers if they want to capture the attention of this segment of the market. The chief objective of the study is to find the purchasing habits of Generation Z, specifically from the angle of social influence and technology. A sample of 42 respondents was approached for a survey using a structured questionnaire. The results of this initial study indicate that Generation Z shoppers are coming up with unprecedented shopping habits and preferences. Using cross-tabulation analysis, results showed that some of the most classical influential factors such as product features, price consciousness and family recommendations have a significant effect on the purchasing habits of this generation. However, the results indicate the influence of computer literacy, peer and social influence and social media identity on the purchasing decision of Generation Z. The results of this study can be utilized to assist in predicting potential consumer adoption behavior and in designing favourable shopping environments that are compatible with these specific consumer traits.

Keywords: Consumers, Generation Z, Purchasing behavior

I. INTRODUCTION

The lifting of restriction of trade across national boundaries and the evolution of free trade economy have delivered the consumer the opportunity to choose from a growing product range. Initially, marketers were successful enough to accomplish this dream. As the consumer is spoilt for choice, manufacturers face intense rivalry to grab the attention of the discerning customer. Since the products are made to cater to consumer's needs and demands, they should be carefully marketed for a fruitful achievement of the organizational goals.

Consumer purchasing behavior is defined by [1] as a series of activities conducted or perceived by people before buying products or services. [2] has analysed it via 3 basic steps. First, people perceive the situation, second, people use the power of reason to calculate whether taking one or another action will benefit their long-term interest and third people use the power of will execute the decision. According to [3] consumer buying behavior is itself a complex, dynamic issue which cannot be defined easily and commonly.

But once consumer purchasing behaviors are analyzed by companies, they can better identify target markets and

formulate effective marketing strategies. So, the market researchers themselves are witnessing the success in marketing. Market research is also considered as an enabler of digital transformation. Organizations that leverage market research to drive key digital transformation programs such as DCX, and also leverage market research to assess and measure the readiness and success of digital transformation programs, will definitely have an edge over others. Being a key player in the digital transformation space also opens up new and unfolding opportunities for the practitioners of market research [4].

Companies will continuously develop new products or improve current products to meet the individual needs of consumers accurately. However, most often customers do not go through these logical processes every time they purchase a product [1]. The purchasing behavior of a consumer is influenced by factors like internal or psychological factors, social factors, cultural factors, economic factors and personal factors. [5] has discussed those factors with several sub factors. Under cultural factors culture, sub-culture and social class have been taken into account. Societies and tribes like the family, reference groups and roles who contribute to decision making were described under social factors. Price, income, distribution of income, utility and consumer preference were included under economic factors. Age, income and occupation were categorized under personal factors, while motivation and perception were combined with the psychological factors.

Age is extensively identified as a significant factor in defining consumer behavior. But comparatively, age acts as a boundary to separate the behavior of one set of consumers from another. That separation is evaluated as a generational cohort. That evaluation and summarization of the characteristics of that specific segment of generation are challenging and highly resource consuming. However, it is proposed that using generational cohorts is an even better way to capture the specific character and habits of certain consumer groups [6].

Generation is well-defined as people that are clustered within a certain range of ages, and have been shaped by alike conditions, technologies and life events which they have experienced at critical developmental stages [7]. Opinions, habits, and motivations of generation members, as well as their desire for certain products and buying behaviors are the determinants of the above-mentioned aspects. Gaining the attention of multi-generational consumers is an important aspect of marketing. But to do so, marketers require a deeper insight allowing them to understand diversified consumer behaviors of generational cohorts.

According to [8] there exist four generations of legal adults. Those four generations include the silent generation (those born between 1922 and 1945), the baby boomers (born from 1946 to 1964); Generation X (born from 1965 to 1977); and millennials (born from about 1977 to 1993) and at last, it is Generation Z (born from 1993 to 2005). Many researchers have defined the age gaps of these generations in different time frames which has minute gaps. For this study, we have chosen the summarization given below by [9].

TABLE I. GENERATION WISE COMPARISON OF CONSUMER BEHAVIOR BY [9]

Gen Z	Gen Y	Gen X
Born between 1995-2005	Born between 1980 and 1995	Born between 1965 and 1980
Social Natives	Book smart and Savvy	Street smart and skeptical
Connected	Confident	No drama
Global minder	Global minder and balance	Balance
Friends =Family	Close to parents	Prepared rule settings
the first generation to have Internet technology so readily available	expanded use of technology compared to previous generations	less use of technology

II. LITERATURE REVIEW

A. Profile of Generation Z

In this study, Generation Z was identified as the population who was born between 1995-2000. Gen Z has never known a world without smartphones and social media since technology has been readily available and accessible to them. They have developed fine motor skills to be able to manipulate a phone or tablet. Therefore, they are considered the most tech-savvy generation [10], [11]. For Gen Z diversity isn't an issue; they will only notice diversity in its absence. They have grown up in a period when the bi-racial and minority population has increased rapidly and are themselves more diverse. Gay marriage is a fact for them, not a debate [12].

Generation Z is not good listeners and they lack interpersonal skills. Communication with others generally consists of the use of the World Wide Web. Due to the curiosity in new technology, the members of Generation Z can usually be found at locations that offer the advantage of being hooked up to the Web [13],[14]. The financial hardships in the homes of many Generation Z youth might have led them to be highly conscious of the importance of money, and so saving might be of high importance to them [8]. As a group raised in constant war, contemporary youth may view the world with the belief that the world is "unsafe," yet at the same time, they may have greater global awareness as result. These consequences have resulted in a generation that potentially values fiscal responsibility, tolerance of others, education, employment flexibility, and networking abilities

In the Sri Lanka context, Generation Z has been identified as a generation that is driven by systems and great customer service. According to the same literature, Gen Z prefers systems and faster responses, would like to work in an environment that is systematic and helps them thrive. Most of them have highlighted that their networking skills are the most prominent. The Gen-Z's in Sri Lanka are

confident in communicating and making friends easily. At the same time availability of a peaceful post-war Sri Lankan environment, ability to access multiple devices: cheaper smartphones, Tabs, internet and their network with confident communication and networking skills have been identified as the key characteristics specific to Generation Z in Sri Lanka [13].

B. Generation Z and technology

Generation Z is significant because they were born into the digital age. So, they are also known as digital natives. With the web revolution that occurred throughout the 1990s, they have been exposed to an unprecedented amount of technology during childhood and adolescence. Further, because of their early exposure to large amounts of data and colourful graphics from the Web, they are very comfortable with maneuvering varying digital environments and engaging with new online applications [15]. No generation has demonstrated a level of proficiency or comfort with technology at such an early age as Generation Z [16]. So, their confidence in front of technological sources is predicted to be high.

They are the first mobile mavens in the world. Their preference for wireless, touch-operated screen iPads and smartphones rather than the ones limited with wired connectivity, showcase their familiarity with mobile technologies. Many in this group have hardly used comparative alternate research tools such as newspapers, journals or books because of their predisposition to the Internet. So, for this generation, it's only a matter of a click to emerge in the pool of knowledge when required. So, the cognitive decision-making ability based on the readily available knowledge sources is preferably high within this generation.

C. Generation Z and social interest

With advanced communication technology being an integral part of their lives, they are also more likely to communicate differently [17], [18]. This is the first generation to have Internet technology, so readily available. They take the Internet for granted and believe web sites such as Google, Facebook, Instagram and Snapchat as their community. While Facebook might have been the preferred social media outlet of previous generations, it seems Gen Z is more receptive to Snap Chat, Instagram, and Twitter, using short audio and video clips to complement their information intake. Within this community of cyberspace, a person can have many acquaintances without personally meeting anyone. Therefore, comparatively the social connectivity along with social pressure is predicted to be high within this generation.

So as per the previous studies similar to personal behavioral decisions, buying decisions are also significantly conditioned by one's generation; peers often guide product and brand choice, directly or indirectly. Thanks to tremendous technological advances and consumer connectedness, it is easy for companies to adapt their offering to the unique expectations of younger consumers.

Considering the rapid growth of this market segment as well as the significance of their demands and decisions, there arises a need to review and critique the mounting knowledge on consumer behavior towards Generation Z.

There have been some previous attempts to review some of the aspects of consumer behavior of Generation Z such as consumers' perceptions and expectations, as well as the potential impact of those expectations on the retailing industry in the years to come [19]. Payment options, perceived enjoyment, peer and social influence, product design and product brand as the key influential factors that control the buying decision of Gen Z [12]. Since this generation is yet to significantly enter into the good market there is a significant deficit of proper consumer behavioral analysis on this segment. The study aims to provide important insights into the habits and purchasing behavior of Generation Z.

D. Smart phones

The smartphone industry is a growing industry characterized by high competition and rapid technological advancement. Consequently, smartphones have undergone rapid innovations and even support advanced computing and communication features with: very high-speed data and network communication features, cutting-edge photo and video capturing and editing skills, exceptional personalization options, high-end designs, and superior processing competences. Not only this, but smartphones are becoming ubiquitous and expanding in functionalities to include: entertainment, payment, travel management, video and photo sharing, location services and much more. As the smartphone industry expands their product offerings have become more complex to include more than just the handset, but also the whole package from software systems, applications and network services.

The usage of the Internet, which has turned out to be groundbreaking in communication, has exhibited a rapid increase in the last decade. The effect of Internet programs, which have shown rapid growth during this time, on regular users' psychological and social lives, has become a subject of study [13]. Today, mobile phones have become an important part of the daily lives of individuals; they are accepted as indispensable tools to communicate with others; to call family members and friends, send text messages, connect to the internet, play games, listen to music and chill out [14]. The usage of smartphones is common among young people, more than other user groups, especially due to the design features. These features include emotional functions which are creating autonomy within the family and creating a source of entertainment [17]. Thus, designing relevant offerings and knowing what attracts customers becomes very important to increase sales and revenue.

III. METHODOLOGY

A structured questionnaire was used as a research instrument to collect primary data. The knowledge gained by the literature review and the information collected from the interviews was used to prepare a structured questionnaire. The initial section was used to gather general information (demographic factors and personality traits) about the respondent while the second section was used to measure the influence of different factors on the purchasing behavior of Generation Z consumers. The respondents are requested to rate the degree, to which the performance of each measure is actually achieved using a five-point Likert scale.

TABLE II. DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Attribute	Grouping	Value	Value (%)
Gender	Male	67	45%
	Female	83	55%
Age	19-24	150	100%
Education level	O/L	6	4%
	A/L	17	11%
	Diploma	36	24%
	Undergraduate	88	59%
	Graduate	3	2%
Undergraduate Sector	Private	13	15%
	Government	75	85%
Employment Sector	Government	13	15%
	Self	12	14%
	Private	62	71%
Job Sectors	IT	13	15%
	Apparel	14	16%
	Banking	12	14%
	Food & Beverage	13	15%
	Health	15	17%
	Transport	9	10%
	Other	11	13%

A sample of 150 respondents under stratified sampling methodology, within the age limit of (19-24) was chosen. The respondents are briefed about the objective and purpose of the survey beforehand and were requested to fill the questionnaire, which contained both open and close-ended questions. The study uses the context of purchasing mobile phones, in order to capture the purchasing behavior of the target market. Respondents included undergraduate and non-undergraduate students from both public and private universities, and also included those employed in the Western Province of Sri Lanka. Table II explicitly provides the demographic profile of the respondents

The data collected from these sources were statistically analyzed using SPSS. Validation of the results was undertaken with the supervision of academic and non-academic experts in the field.

IV. FINDINGS AND DISCUSSION

With the evaluation of results in the sample of Generation Z, several specificities of them were exposed which were

needed to be understood by marketing personnel before a product launch for this market segment.

Most importantly 66% of Generation Z have agreed that they research the product, prior to purchase. In this study, we have further examined the exact resources of information which they obtain for their product-based research. It was found that 42% of them receive information from family and friends while 18.7% of them stop at mobile phone retail stores for further information as per Table III below. Based on the ranks, family and friends, YouTube and retail stores are the three main strategic information sources.

TABLE III. CROSS TABULATION-1

When you purchased your current phone, where did you obtain the information? (1-Family or friends,2-YouTube,3-Magazines and papers,4-Mobile phone retail store,5-Facebook,6-Instagram,7-Other)				
Valid	Frequency	Percent	Valid Percent	Cumulative Percent
1	63	42.0	42.0	42.0
2	30	20.0	20.0	62.0
3	12	8.0	8.0	70.0
4	27	18.7	18.7	88.0
5	13	8.7	8.7	96.7
6	3	2.0	2.0	98.7
7	2	1.3	1.3	100.0
Total	150	100.0	100.0	

In this segment, 80% of respondents stated that on a daily basis they use the function of social networking on their mobile phones. From that social media networking, we have ranked the most frequently using social media through the survey. Based on that WhatsApp with 44% Facebook with 40.7% and Snapchat with 7.3% have ranked as the top 3 social connectivity for this segment. Therefore, according to the results, Facebook would be a significant platform for marketers to reach Gen Z. Significantly, the survey data on the level of influence from social media on product purchase revealed that 90% of Generation Z, believe that social media is a strong influence on the purchase decision. That indicates that both factors are very important and the most effective when trying to reach this segment. Marketing personnel needs to be mindful of this fact when they design marketing campaigns in social media platforms for Generation Z.

Seventy-eight percent of Generation Z respondents have stated that they work with the Internet daily while 85% of them have achieved a high degree of aptitude on computer literacy. This indicates a high level of technological know-how. This achievement has strengthened the confidence level of Generation Z where 60% of respondents are confident about their knowledge on mobile phones before product purchase. Surprisingly, there are no strong disagreements to this question. It could be concluded that Generation Z has a high level of computer literacy and has a high level of Internet literacy

TABLE IV. CROSS TABULATION-2

What is most frequently using social media? (1-Facebook, 2- Snapchat,3-WhatsApp, 4-Instagram, 5-Twitter,6-Other)				
Valid	Frequency	Percent	Valid Percent	Cumulative Percent
1	61	40.7	40.7	40.7
2	11	7.3	7.3	48.0
3	66	44.0	44.0	92.0
4	9	6.0	6.0	98.0
5	1	.7	.7	98.7
6	2	1.3	1.3	100
Total	150	100.0	100.0	

TABLE V. CROSS TABULATION 3

I have adequate knowledge about the features of the product (mobile phone) to compare and purchase the best mobile phone. (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly agree)				
Valid	Frequency	Percent	Valid Percent	Cumulative Percent
2	15	10.0	10.0	10.0
3	45	30.0	30.0	40.0
4	79	52.7	52.7	92.7
5	11	7.3	7.3	100.0
Total	150	100.0	100.0	

When it comes to decision-making power, 72% of Generation Z believes in their own ability before placing reliance on other ideas. Fifty-two percent have some influence from friends while 22.5% choose products while depending only on their opinions when purchasing the product and a similar number considers the recommendation from family.

Twenty-eight percent of respondents rely on media and advising before purchase and more than sixty-eight percent seek the recommendation of the friends in the product purchase than any other way. This indicates the level of influence from friends for this generation's decision-making process.

TABLE VI. CROSS TABULATION-4

Who influences most in the purchase of your mobile phone? (1-Family, 2-Friends, 3-Spouse, 4-Self, 5-Other)				
Valid	Frequency	Percent	Valid Percent	Cumulative Percent
1	29	19.3	19.3	19.3
2	78	52.0	52.0	71.3
3	8	5.3	5.3	76.7
4	34	22.7	22.7	99.3
5	1	.7	.7	100.0
Total	150	100.0	100.0	

Furthermore, 64.7% of Generation Z has agreed to the point where they can have better recognition from their friends if they listen to their friends in a product purchase. Because within that group 52% of respondents believe that they will gain this recognition by imitating the behavior of peer groups in purchasing while 50% of respondents decide to enhance their status within their peer group by using a purchase. The importance given for social media connectivity is relatively high within this generation according to the above-mentioned statistics. Most importantly it also indicates that this generation tries hard to maintain and develop their self-esteem and personalities in front of social media premises. Therefore, social media influence would be another important point to be considered for the successful launch of the marketing campaign for marketers.

TABLE VII. CROSS TABULATION -5

Please indicate the extent to which you agree or disagree with the following statements [ii. I can develop and enhance my status within my peer group/social media group if I purchase a mobile phone.] (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5- Strongly Agree)				
Valid	Frequency	Percent	Valid Percent	Cumulative Percent
1	7	4.7	4.7	4.7
2	19	12.7	12.7	17.3
3	49	32.7	32.7	50.0
4	63	42.0	42.0	92.0
5	12	8.0	8.0	100.0
Total	150	100.0	100.0	

Better features compared to similar phones are the main reason for 56% of respondents to choose their current product. More than 84% of respondents have mentioned that they use the SMS function on a daily basis while 64% of respondents have mentioned that they use the function Gaming on a daily basis. Only 17.5% of respondents have mentioned that they use the function Video call on a daily basis while 41% of respondents and 46% of respondents have mentioned that they use the function Photo shooting and 52% for GPS respectively on daily basis. Surprisingly, 90% of the respondents have agreed that they use the function of web surfing while 89% of respondents use music listening function. Comparatively, surfing the web (90% of respondents), social networking (89% of respondents) and listening to music (89% of respondents) are ranked in the top three functions Generation Z interacts with on a daily basis.

Around thirteen percent of Generation Z has stated that price is a significant factor when considering the purchase. Surprisingly, the price factor seems less significant compared to other factors. Having said that, most of Generation Z (38.7%) has gone for the price band between Rs. 15,000 to Rs. 25,000, they do change their mobile phone approximately every 2 to 3 years and only 10% rely on the past experiences of the friends and family before a purchase decision.

TABLE VIII. CROSS TABULATION-6

What is the most influential reason behind choosing your current phone? (1- Priced competitively,2-Catchy and attractive advertisements,3-Better features compared to the similar phones,4- Satisfied past experiences from family/friends,5-Did not choose. It was a gift,6-Other)				
Valid	Frequency	Percent	Valid Percent	Cumulative Percent
1	19	12.7	12.7	12.7
2	12	8.0	8.0	20.7
3	84	56.0	56.0	75.7
4	16	10.7	10.7	87.4
5	17	11.3	11.3	98.7
6	2	1.3	1.3	100
Total	150	100.0	100.0	

V. CONCLUSION

In conclusion, the Generation Z segment of the market differs in their characteristics, needs, attributes and work style from other generations. They are highly technically computer literate and primarily seek recommendations and concurrence of friends in product purchases. Family and friends, retail store and YouTube are the three main strategic information sources, while WhatsApp, Facebook and Snapchat are ranked as the top 3 social connectivity mediums for Generation Z. Therefore, according to the results, Facebook would be a beneficial platform for marketers to reach Gen Z. Comparatively, web surfing, social networking and listening to music are ranked as the top three mobile phone functions which they interact with.

Moreover, this generation tries hard to maintain and develop their self-esteem and personalities in front of social media premises. To cater to their demands with a proper strategy, it is important to investigate the determinant factors of this buyer's characteristics and actions. Implications are provided to assist in predicting potential consumer adoption behavior and in designing favourable shopping environments that are compatible with these specific consumer traits.

VI. LIMITATIONS

The main limitation of this study is the relatively small sample size. This was due to time and cost constraints. Research findings should be handled cautiously due to its level of generalizability. Future research is suggested to cover a larger size of the sample as the comparison with results based on a larger sample would help to validate the results. Further, the diversification of the sample across a geographic area, social strata, etc. could provide the opportunity to have a better understanding of the wider population.

VII. RECOMMENDATION FOR FUTURE WORK

The findings of the current study have significant implications for retailers and managers, suggesting that it is essential to deal with Generation Z consumers' demands regarding technology and social behavior. It is also evident that the level of technology usage and social media usage for the marketing of a product plays a significant role in shaping the

generation's consumer purchasing experience. This could have a possible influence on their decision-making processes. Overall results suggest that both manufacturers and sellers should focus more on enhancing product features (both soft and hard including design).

This research investigated gender differences very broadly which meant that it did not investigate the potential gender differences in depth or in detail. The author argues that a more detailed and in-depth investigation regarding gender differences would be interesting as it might suggest differences across such groups.

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