The New Paradigm of Online Marketing: A Study of Generation Z Consumers' Behaviour and Their Attitude Towards Brands

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Abstract

The marketing environment is evolving and is prone to transformation more often than ever, due to the new digital era and rapid technological development;therefore, companies, along with marketers, are constantly trying to improve consumer experience, in an effort to fulfill their customers` needs and desires accordingly.Studying the consumer behavior of Generation Z is crucial for online marketers due to the fact that they are starting to gain significant purchasing power and have become a target audience for retailers worldwide. Through this article, we aim to find out insights regarding consumption habits, preferences of shopping methods, preferred channels, attitudes, perceptions regarding certain influencing factors of Generation Z consumers, focusing on online marketing elements. The research instrument was a survey created through the Google Forms platform which was distributed exclusively to Generation Z respondents via online channels.The survey was completed by a total number of 125 respondents and the obtained results were presented in the form of a descriptive analysis.The main results show that Gen Z consumers are more likely to use online channels in their buying process(as a means of information) and are influenced by a different range of factors than previous generations.Other elements that we focused on were the preffered online shopping channels, shopping habits according to various product categories, attitude towards brands and willingness to pay.

Apart from the scientific contribution, this study can have as possible practical implications the development and customization of new marketing directions by companies, with the aim of targeting this audience of great interest, namely Gen Z.

Keywords

Consumer behavior, online marketing, generation Z, shopping habits.

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Introduction

The Millennial generation and Generation Z are in control of the future purchasing power. Due to their significant purchasing power, disposable income, and brand loyalty, both generations now represent a major commercial opportunity (Apptus, 2023).These consumer are, nevertheless, regarded as the generation that will drive m-commerce consumer behavior in the next years (Monaco, 2018). Therefore, from a marketing viewpoint, researching Gen Z consumers is of utmost value. According to some projections, the cohort has $360 billion in disposable income (Pollard, 2021) and is expected to continue to expand over time;therefore, companies should act accordingly and direct their attention to methods by which they could attract this category of consumers, using insights about their buying habits and taking into consideration the developing and use of new technologies.

Previous research revealed that generation Z customers' experiences are significantly influenced by smart technologies(Priporas et al., 2017). Additionally, this particular group of consumers anticipates new technology to be widely accessible, allowing for quicker transactions and greater consumer autonomy. They also anticipate that technology will help consumers make wiser purchasing selections.

Another object of concern among researchers is the mobile-shopping trend, which can generate compulsive buying among young people, as a direct link of addiction to smartphones(Mason et al., 2022).

Another interesting study which focused on the usage and influence of social media and generation Z consumers` attitude towards brands has provided us with some notable insights on this topic(Singh et al., 2022).Due to their early exposure to SMM, the demographic research reveals that this customer sector is familiar with a variety of social media platforms, including Facebook, Instagram, YouTube, and others. The study's findings also showed that 90% of them choose to watch YouTube and are significantly influenced by the content shown on the platform.They receive a lot of information from SMM about different companies and products, which ultimately aids in the development of a strong brand mindset. The study's findings showed a strong correlation between social media marketing (SMM) and brand attitudes, indicating that SMM both shapes consumers' attitudes toward a brand and influences their choice of one and implicitly, their choice of purchase, as well as having the ability to connect them with brands. The same study contends that once a person establishes a connection with a brand, their desire to buy that brand increases as they begin to associate themselves with that particular brand.

Altough the previous studies have provided us with valuable scientifical and practical contributions, we can further develop new research directions expanding the variables which were already taken into account, as well as introducing new ones.

The main objective of this research is to identify the main factors in the purchase process of generation Z consumers, taking into account variables such as means of information about different products and their frequency of use, purchase habits according to different categories of products, preffered methods, locations and shopping channels.Other objectives include measuring the influence of elements from online and physical environments(for comparison purposes) in the buying process, as well as studying Gen Z consumers` preferences of branded products and measuring loyalty and willingness to pay for preferred brands(a very important aspect of this research was establishing a correlation between the income factor and these variables).In order to reach these objectives, we conducted an online survey addressed exclusively to Generation Z respondents; the results of this quantitative research have shown that the preffered channel for online shopping for this socio-demographic category are retail platforms, products such as food, clothing, footwear and jewelry are preferably seen or tested and bought from physical stores; a very low percentage was recorded among customers who exclusively shop online, the biggest percentage being for the electronics category.Search engines were identified as the main information source during the acquisition process, along with social media platforms such as Instagram and Youtube, as well as product reviews.Overall results have proved that nowadays, these category tend to use online sources in the buying process, compared to traditional ones.Among the most important factors when making a purchase decision, high quality, good ratings and reviews were stated by the respondents.Willingness to pay and preference for branded products were recorded as low in this current study, correlated with the fact that a majority of respondents were people in the low-income category.

Due to the fact that previous study were limited due to the nature of social and cultural factors, the results of this study will help researchers, marketers and companies to better understand buying behavior of Romanian Gen Z consumers.

1. Consumer behaviour of Generation Z

The conducted research was designed in correlation with secondary data from scientific literature, as well as statistics provided by field experts.

Generation Z is the generation after Millennials and preceding Generation Alpha (Apptus, 2023). It is also known as Gen Z, zoomers, or the iGeneration and consists of people born between 1997 and 2012. It is the first generation to have been raised in the digital age, and it interacts and virtually integrates with its favorite businesses (Bernstein, 2015). Technology is heavily used by Generation Z, and they regard it as a tool for themselves (Van den Bergh & Behrer, 2016). Since Generation Z appears to behave differently than previous generations, this generation presents a challenge because these differences in behavior may affect consumer behavior (Schlossberg, 2016).

According to Ameen & Anand and Ameen et al. (2020 and 2021), Gen Z is made up of young adults who have never known a world without digital technology. This tech-savvy cohort of consumers are considered digital natives since they were exposed to social media and mobile technology heavily as children (Fister-

Gale, 2015) and were born into a VUCA (volatility, uncertainty, complexity, and ambiguity) world (Casalegno et al., 2022). Four trends define Gen Z, according to Wood (2013) and Priporas et al. (2017): A desire to temporarily escape the reality they face; (1) an interest in new technologies; (2) a demand for simplicity of use; (3) a need for security. They have seen significant political, social, technological, and economic change in their short lives. Brands are under pressure to find new ways to capture and hold consumers' attention of Gen Z consumers as they tend to be less loyal to brands, have higher expectations, and are more concerned with the overall experience (Schlossberg, 2016).

The Gen Z generation is always connected and prefers technology over face-to-face interaction (Polakov & Klmov, 2019).However, technology also affects other elements of Gen Z's existence, such as their physical health, cognitive processes, and social and professional identities. They also share a similar consumer culture and traits as a result of their significant exposure to worldwide mass media, popular culture, and marketing initiatives of multinational corporations (Benasso & Cuzzocrea, 2019; Ng et al., 2019). Multiple information flows and frequent, quick encounters with content and people define their way of life. A smartphone is the primary means of transportation for most of these information flows.

The most critical consumer group to date, Generation Z has a different perspective on buying and consumption than earlier generations. They have a large purchasing power and are the most recent workers. Brands must earn the trust of Generation Z by meeting their increased desire for higher-quality goods and stricter budgeting. Some intriguing data regarding Generation Z's internet shopping preferences:77% of people have acted in some way for a cause they support; 23% have even boycotted a company; and 65% have made a purchase based on the advice of an influencer (Apptus, 2023).

The concern that Generation Z has for the environment and the future presents a tremendous potential for sustainable corporate growth. They think that the generations who came before them exemplified materialism, capitalism, and excessive spending.Thus,Customers of Generation Z are more likely to choose high-quality, ecological items. According to a First Insight research, 73% of Generation Z buyers are willing to spend 10% more for sustainable goods. They appreciate customized goods and are frequently drawn to companies who share their opinions on social and political concerns.

Many members of Generation Z witnessed as their parents battled and suffered significant financial losses during the Great Recession of 2008. They are more cost-conscious and frugal as a result.

Before making a purchase, members of this age frequently conduct research and analyze their options. In keeping with their reputation as frugal shoppers who have been moulded by economic uncertainty and who grew up learning how to discover discounts online, they are also motivated to save money (Clarkston Consulting, 2022).

Reviews and word-of-mouth in the media have a significant impact on Gen Z purchase behavior because they place a strong focus on value for their money. Gen Z tends to be far less loyal to certain companies as a result of having access to more brands than ever before, preferring to compare prices instead (Clarkston Consulting, 2022).

Shoppers in Generation Z are less likely to trust businesses than earlier age groups. As opposed to online marketing or celebrity ambassadors, they choose to follow influencers on Instagram and YouTube since they are perceived as more relatable and reliable. The most profitable organizations capitalize on this by switching from conventional digital marketing to influencer marketing techniques (Clarkston Consulting, 2022).

Mobile wallets and applications are popular among Generation Z users that use mobile payments.Mobile apps have gained popularity in recent years and produced excellent outcomes. Companies who have a mobile app are at a significant advantage over those that don't. Compared to mobile web sessions, mobile apps convert 157% more.

2. Research methodology

The research results were based on primary data(information obtained from first-hand experience that has not previously been used, as opposed to external sources). The information acquired via primary data gathering techniques is highly precise and specific to the goal of the research.

The quantitative research was conducted in March 2023, using an online survey as an instrument which was designed through the Google Forms platform and distributed through two main social networks, Facebook and Whatsapp, and targeted at Generation Z.

Surveys are used to acquire information about the target market's tastes, opinions, decisions, and feedback regarding the products and services they offer.

The answers were collected automatically via Google Forms and the charts and graphics containing statistical data were generated using the Microsoft Excel programme, which were completed with a descriptive analysis by the authors.

The sample size consisted of 125 respondents with the following demographics: the majority of respondents (83.2%) were female, while male respondents accounted for 16.8% of the sample. Also, the marital status of 82.4% of respondents was single.

3. Findings

The majority of respondents (80%) were students, the rest being employees (9.6%), students (4%) and entrepreneurs (3.2%).In terms of background, the majority of respondents came from urban areas (61.6%), the rest (38.4%) from rural areas.

Given that the vast majority of respondents who answered the questionnaire were students, 55.2% of the people who participated in the questionnaire are people with monthly incomes of less than 1900 RON, 28% have monthly incomes between 1900-3000 RON, 9.6% have monthly incomes between 3000-5000 RON, with people with incomes between 5000-6500 RON or more than 6500 RON having significantly lower shares (2.4% and 4.8% respectively).

In the following, we will present a descriptive analysis based on the responses received from the questionnaire. A first factor we wanted to analyze was the shopping frequency of Generation Z consumers according to different locations. Regarding supermarkets/hypermarkets, 15.2% of the respondents stated that they visit them daily, while 24.8% visit them once a week, and 46.4% shop in these locations several times a week.The same frequency was identified for 28% of respondents for street shops, kiosks and boutiques, but for these locations a higher percentage of respondents (23%) said they shop daily compared to supermarkets and hypermarkets. In the case of shopping malls, frequencies were quite low, with a small number of respondents (18.4%) frequent these locations several times a week or even once a month (23.2%) or less often (21.6%).Regarding the frequency of shopping online, the majority of respondents (35.2%) say they rarely shop online, 22.4% use online environments once a month and 18.4% once a week.

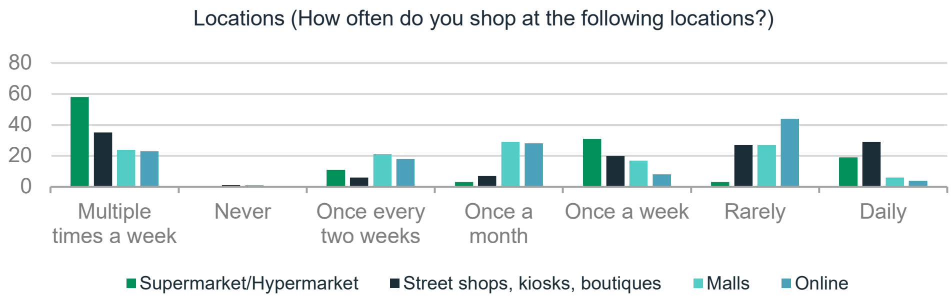

Figure no. 1. Preferred locations of Generation Z consumers

Source: processed by authors

Another research consideration was the preferred online shopping channels of Generation Z consumers (Figure 2). According to the research data, 49% prefer to shop online via online retail platforms or the company's own website (30%), 17% shop directly from mobile apps, while only 4% shop online via social media platforms.

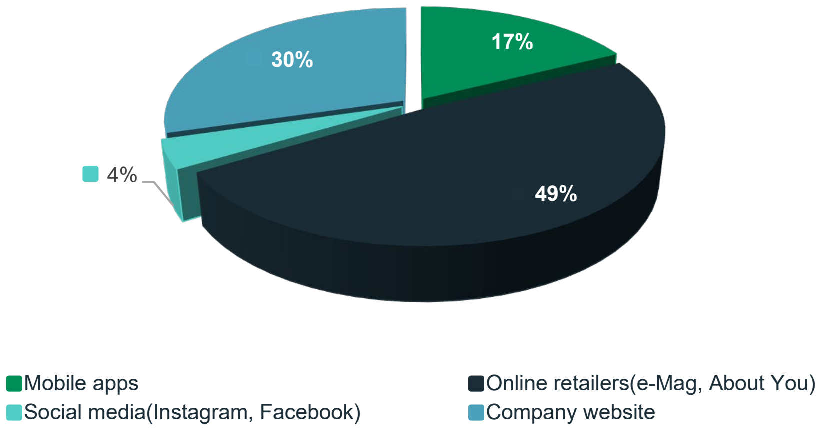

Figure no. 2. Preferred online shopping channels

Source: processed by authors

Analysing the buying behaviour patterns according to distinct product categories, we note that there are differences in the way consumers buy for each product category (figure 3): the majority of respondents (51.2%) prefer to test and purchase clothing, footwear (54.4%) food (76%), jewellery (49.6%), accessories (41.6%) and perfumes/cosmetics (44%) exclusively from physical stores. We also note that there are significant proportions of consumers who buy from both traditional shops and online. There is a very low number of respondents who buy exclusively online, regardless of the category of products they are buying (the highest percentage of this type of consumer is 16% for the electronics and household appliances category).

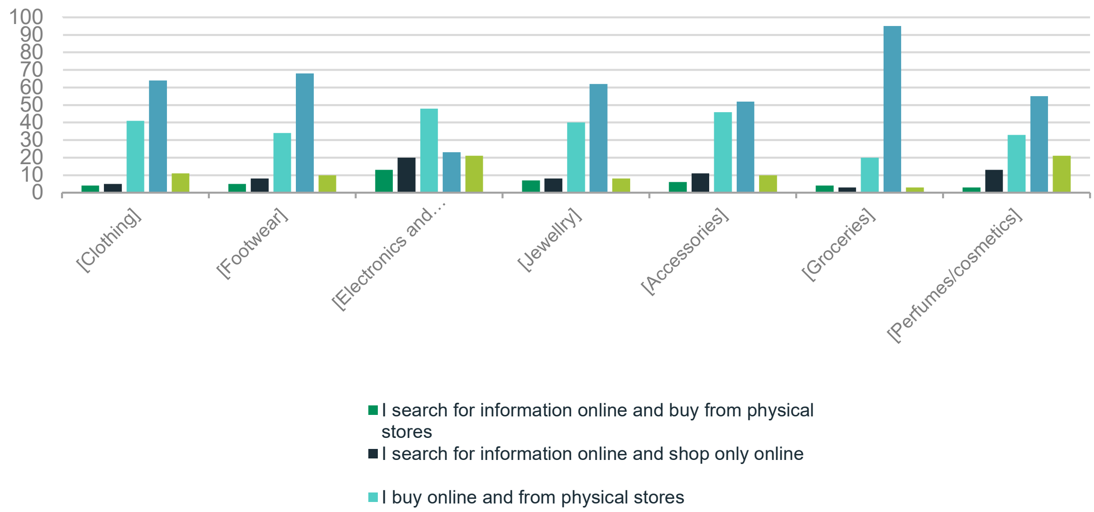

Figure no. 3. Preferred purchasing methods according to various product categories

Source: processed by authors

In the present quantitative research, we also aimed to analyze the frequency of use of different media (both traditional and digital) for the purpose of gathering information by Generation Z consumers about specific brands, which is a primary stage of the purchase process (Figure 4).

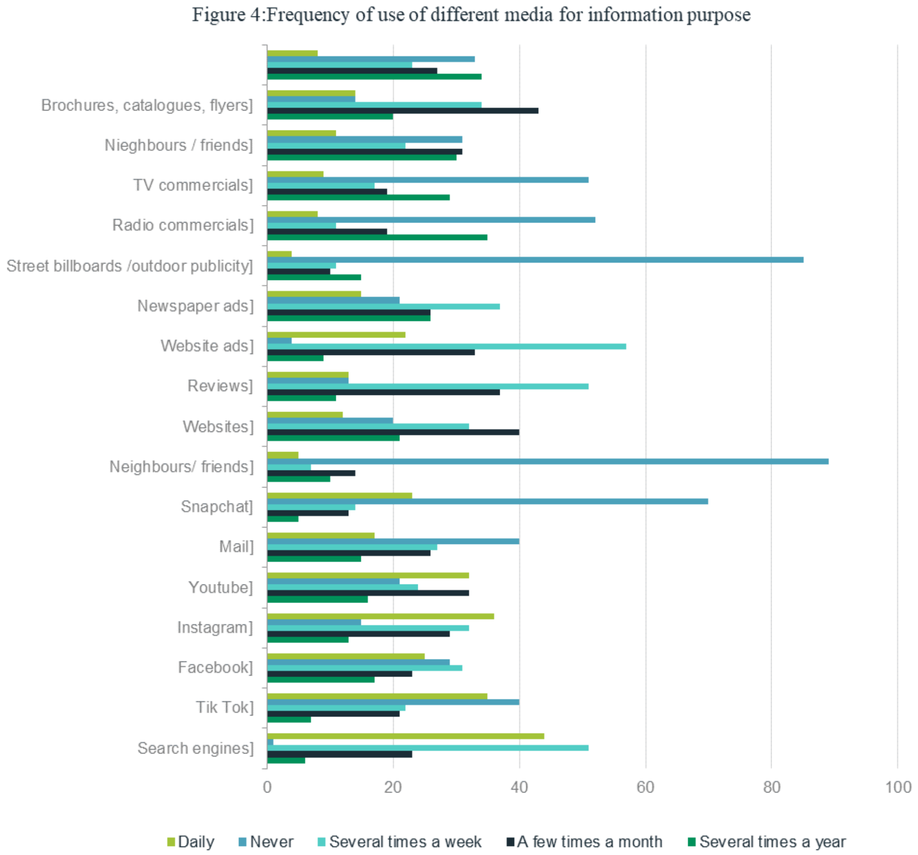

Figure no. 4. Frequency of use of different media for information purpose

Source: processed by authors

We find that 35.2% of respondents choose to access search engines daily, 28% consult the social media platform Tik Tok or Instagram (29%) and Youtube (26%).A percentage of 20% was identified in the case of consumers who use Facebook daily. However, in the case of Snapchat, a majority percentage was among those who never use it as a means of information (56%).A percentage of 18% consider reviews as a daily information method, and in the case of information through traditional channels, negative percentages were recorded for newspaper advertisements (over 68% of respondents said they never get informed about products they want to buy through this channel), over 40% said they never get informed through radio advertisements or street billboards. The same pattern was also true for brochures, flyers and leaflets (26%) and TV advertisements (25%).However, there were significant percentages of respondents who never use Tik-Tok, for example, as a means of information (32%).

We cannot neglect the other variables taken into account in the research: more than 40% of the respondents inform themselves several times a week about the products they want to buy via search engines and online reviews, or on the manufacturers' websites.

The analysis of the responses on the importance of certain factors in the purchasing process(Figure 5) shows that high quality is the most important factor in the purchasing process, with an average value of 4.17.The next most important factors are ratings and reviews, both with average values of 4.04. The factor with the lowest average value of importance was promotion by influencers (2.87); however, promotion by regular users on social networks is more favourably rated, with an average score of 3.26.This may be due to the perception among Generation Z consumers that influencers are often paid to promote certain products and their reviews are not always genuine. In recent years, there has been a lack of authenticity in influencer promotion, with Generation Z preferring content posted by regular users who do not yet enjoy such a high profile. The figure below illustrates the other average importance scores for the remaining factors nominated in the questionnaire obtained from the analysis.

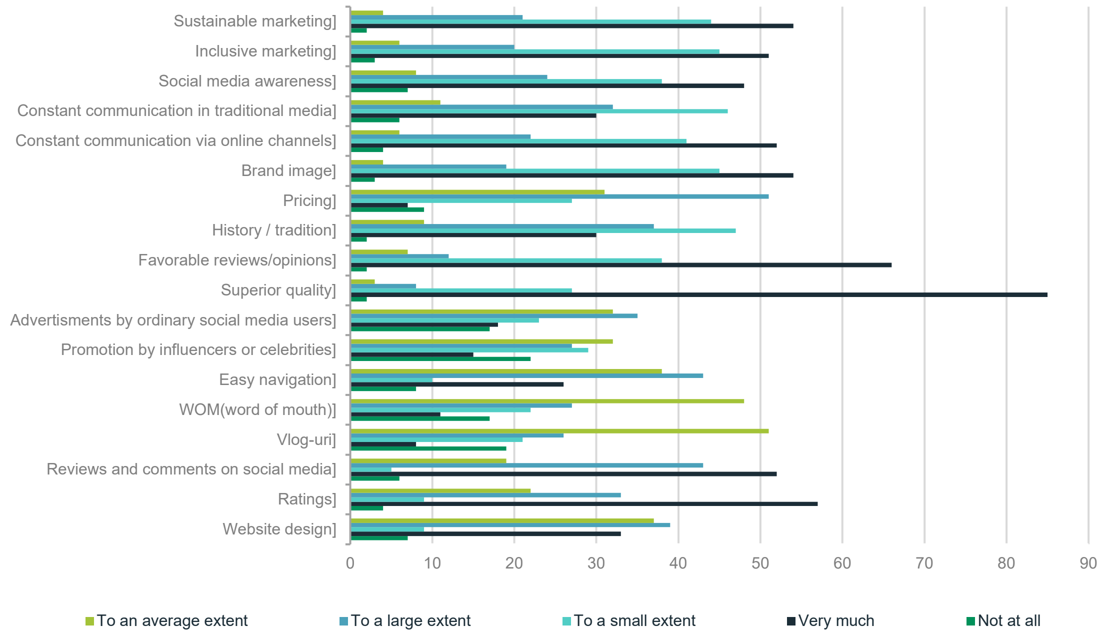

Figure no. 5. The importance of factors in the buying process

Source: processed by authors

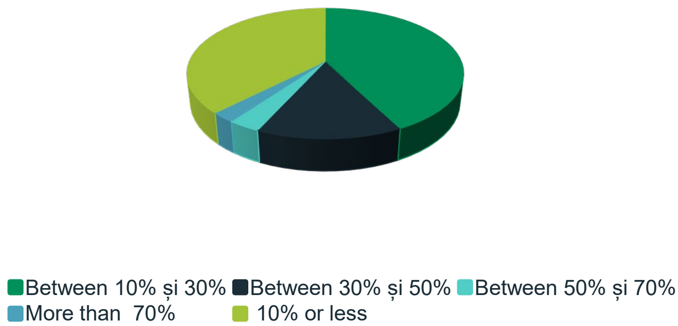

Figure no. 6. Willingness to pay a higher price for the preferred brand

Source: processed by authors

Willingness to pay can be a key factor in measuring consumer loyalty, so it was included as a variable in the research. We find that there are significant percentages of respondents who are unwilling to pay a much higher price than the current price to purchase their preferred brand (38% say they are willing to pay up to 10%, and 42% would be willing to pay up to 30% more, while only 14% would be willing to pay double the initial price to purchase their preferred brand.

In order to get a clearer picture of these results, we decided to carry out a cross-tabulation to see the interdependence between the variables. Thus, we selected the income factor because of its major importance in the purchasing process, especially in the case of the segment analysed (young people, who may not yet have such a high purchasing power).

Figure 7 shows the correlation between the income factor and the respondents' choices between well-known brands or non-brand products with differentiated prices (price being also another major decision factor, being strongly correlated with the income factor).One element that should be taken into account is that the majority of the sample (55%) consists of people with minimal income (<1900 RON), i.e. young students.

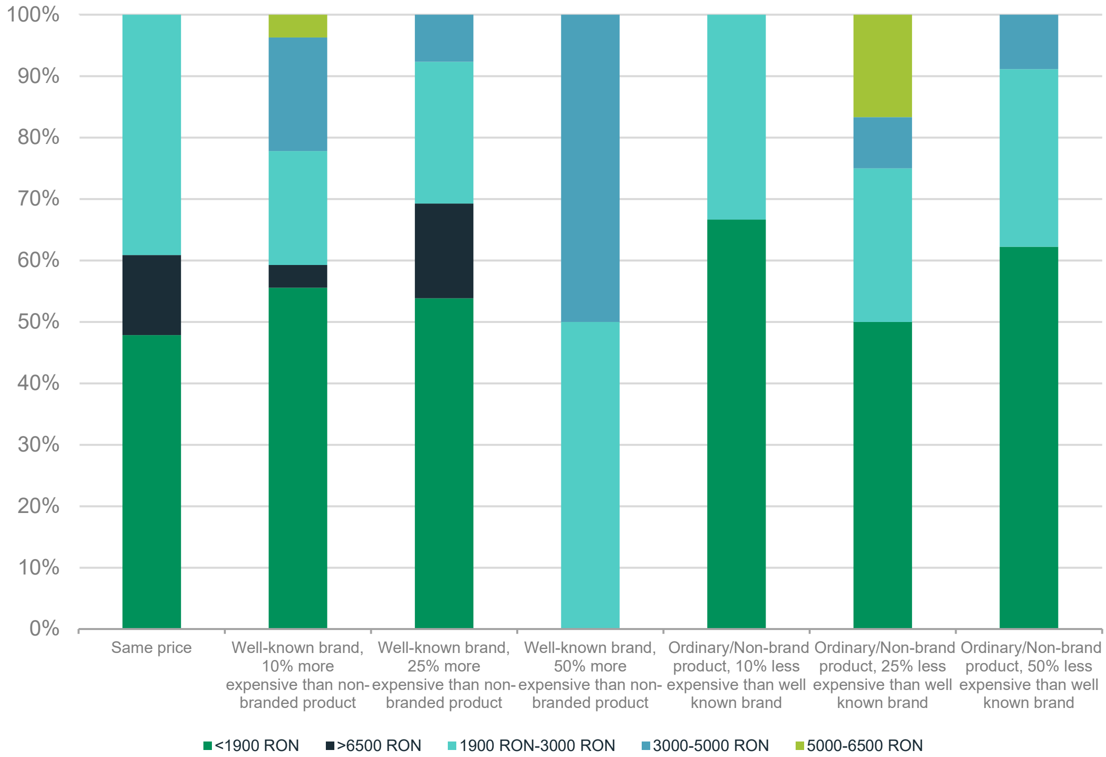

Figure no. 7. Gen Z consumers` choice of well-known brands or ordinary products, according to income

Source:processed by authors

The analysis confirms that price is a major factor in the decision making process, as more than 40% of people with an income of less than 1900 RON (the majority segment) would prefer a non-branded product 50% cheaper, with similar characteristics to a branded product in the same category.21% of people in this category would be willing to pay 10% more to buy a branded product than a regular one, 16% would be willing to pay the same price, and only 10% would be willing to pay 25% more to buy a branded product.

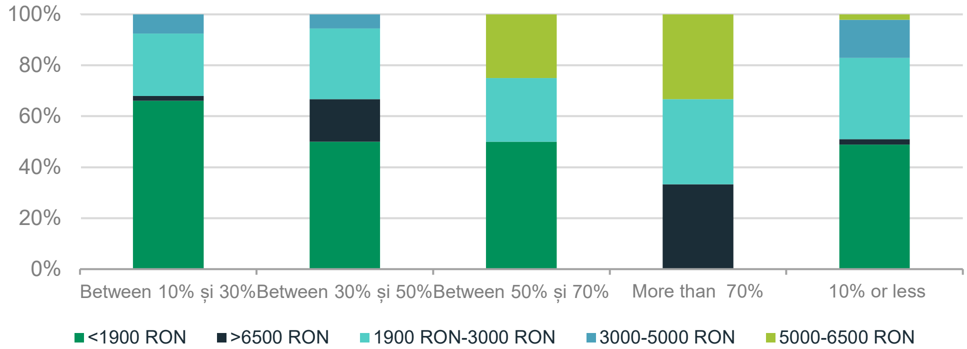

Figure no. 8. Willingness to pay a higher price for the preferred brand according to income

Source: processed by authors

However, we have some interesting results in Figure 8, where a cross-tabulation was performed between the income factor and the willingness to pay a higher price for the preferred brand (for which there is a high degree of loyalty).More than 33% of respondents with an income below 1900 RON would be willing to pay up to 10% more for the brand they are loyal to, and 50% would be willing to pay even up to 30%.37% of people with an income between 1900-3000 RON would be willing to pay up to 30% more, 14% 30%-50% more.

Conclusions

Before drawing the final conclusions, we must mention some limitations of our research: first of all, the majority share held by the female gender, as well as people with minimal incomes, were variables that strongly influenced the research results, due to the fact that there are distinct factors may constitute decision factors depending on gender or the purchasing behaviors may be different; regarding the income factor, we can deduce that the low purchasing power generated some implicit answers regarding the willingness to pay higher prices or the preference for brands or ordinary products. However, considering that a characteristic of consumers from the Z generation is not necessarily being loyal to a brand (aspect associated with the willingness to pay a higher price) and to constantly look for the most advantageous offers, having a higher price sensitivity, we can conclude that our results confirm what the specialized literature has identified in previous studies.

Identifying the communication channels preferred by those of the Z generation, the buying habits, the preferred locations, the media used for informational purposes, the attitudes and perceptions towards brands and certain promotional techniques, as well as the influencing factors within the process of purchase, together with the measurement of willingness to pay revealed by this study contributes to a better understanding of consumers in this new cohort of interest for marketers and companies, in order to develop targeted marketing strategies, with the aim of resonating with this new target audience.

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