



Assessing the Online Purchasing Decisions of Generation Z

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Abstract: The goal of the research described in this paper is to explore the shopping habits and attitudes of individuals from the Generation Z regarding online shopping. In this context, the main sources of information that are provided to buyers, and their preferences towards online shopping are examined. The first section describes the online consumer behaviour of Generation Z according to the secondary data, while the second part presents the results of an online survey (1055 participants). The study shows that Generation Z youth mainly rely on personal experience and take quality and prices into consideration when choosing what to purchase, mostly disregarding other people's opinions. However, even though the internet is their main source of information, they still seek input from others in most cases before making purchasing-related decisions. A third of young people like to shop online; however, because of their age and discretionary income, the findings currently apply to only a small portion of this segment.

Keywords: Generation Z, consumer and purchase behaviour, online and offline purchases

1 Introduction

Time and distance have virtually disappeared thanks to the internet. Anyone can find anything or anyone at any time they like on a website. Thanks to smart devices, we have entered a time of permanent online presence. Young people, who were born into this internet-enabled world, take full advantage of it. Simultaneous consumption of media content (Palfrey and Gasser, 2008) is typical of this

generation, often referred to as “Zappers”, “Homeland”, “Tweens”, “Generation 9/11”, “Digital Natives”, “Net Generation”, “Facebook Generation” or the “Always Online Generation”, and, depending on the continent, the Australian “Zeds” and American “Zees” (Williams et. al 2011, McCrindle, 2014). These individuals spend their free time surfing the web, while at the same time chatting with friends, watching movies and doing their homework. As these characteristics reflect, generations can be defined by the simple fact of their being alive at a similar stage of life, with similar social, cultural and technological backgrounds, as well as environmental similarities. As they go through life and encounter situations, so their experiences and attitudes towards happenings and events are somewhat alike. This phenomenon can be approached in a sociological sense rather than as a biological issue (McCrindle, 2014). The net generation has access to a new world, the global world: the web, which facilitates personal interaction through technology, although this may lead to depersonalization. Gen Z would like to be part of a group which shapes and maintains their self-esteem (Williams et al., 2010). A significant social problem for this generation is that they have seen the consequences of terrorism as children. It is important to take into account that these problems are also encountered by other generations, but there is a difference in terms of the older generations’ perceptions due to their psychological makeup which is a consequence of their age.

The new Generation Z, born between 1995¹ and 2009 (McCrindle and Wolfinger, 2009, Kutasi, 2013) has been fundamentally influenced by technological development; their lives are basically unimaginable without the existence of smartphones and other digital platforms (Prensky, 2004. Williams and Page, 2011).

The object of the research described herein is to determine what factors characterize the online shopping habits of Generation Z youth. Furthermore, the goal is to examine their buying habits, which includes addressing the primary question whether it is online or offline shopping they prefer, as well as what shapes their purchasing preferences. Since individuals in this generation are still very young, we expect to obtain usable results mainly from those born before 2000-2002.

The first part of the paper defines the online buying characteristics of Generation Z and their social media habits. The second part involves an empirical examination of these elements with the help of an online survey.

2 Literature review

The digital natives’ range of online opportunities is growing exponentially: this includes the activities they engage in online, such as buying designer clothes on e-

According to other sources (Prensky, 2004, Williams and Page, 2011), 1994.

buy, or sharing intimate details of their lives, or writing blogs to replace former diaries which were once written in secret (Prenszky, 2004).

It is common for Generation Z youth to solicit their friends' opinions when shopping 'offline'. The same situation applies to online shopping (Tari, 2012). For instance, when using Facebook, members of Generation Z can easily share links to websites about specific products. Prices can be compared, and when decisions have been made, a few clicks will secure the product. None of the parties has had to leave home, yet they have shopped 'together', thereby saving time and sharing information. In connection with this sharing and interacting behaviour, the following hypothesis is proposed:

H1: One feature of Generation Z is the importance they attach to 24-hour accessibility, and the need to share opinions with others.

The reach of the internet as a source of information and a shopping platform is increasing. This most susceptible generation tends to engage in purchase-related methods such as BOPS (buy-online-pickup-in-store) or ROPO (research online purchase offline) (Gallino and Moreno, 2014), in addition to engaging fully in online shopping. BOPS decreases online sales, but promotes shop traffic, while online and offline purchases 'meet' in store, and in this way customers need only use an online platform for information gathering rather than ordering (Gallino and Moreno, 2014). Accordingly:

H2: Young people primarily gather information from the internet before making purchase-related decisions.

The online buying habits of Generation Z are influenced by a few factors which primarily depend on their socio-economic status. Family influence plays a huge role, since it is typical for 'Gen Zers' to live with parents (Hofmeister-Tóth, 2014); also, in many ways, reference groups have an even greater influence on young people, along with the internet generally, and social media and opinion leaders in particular.

Maintaining a constant online presence is also typical of the opinion leaders (actors, celebrities, and so on) to whom young people look up to as role models, and whose every move they may follow. These key actors can significantly affect the behaviour of young people who obtain information about where and what these opinion leaders buy, what kind of food they consume, and how they spend their free time. Accordingly, young people are able to easily mimic them (Sas, 2012). The personal dimension of influence is encapsulated in H3.

H3: Generation Z considers important the opinions of others when shopping online.

Generation Z individuals visit social media websites, watch movies and serials, listen to music and shop online when surfing the web. While doing so, they

encounter online advertisements which, if interesting, incline them to visit and explore websites. When they find products they like, they typically do not immediately buy them, but instead search for information on other websites about those products to find the best deals (Eszes, 2011).

Thanks to their permanent online presence, Generation Z youth also purchase products on the internet. They quickly and easily compare products at different web shops, and are also able to manage purchases from the comfort of their homes. In connection with the fact that online shopping is the obvious choice for Generation Z because of their significant online presence, we construct the following hypothesis:

H4: Generation Z prefers online to offline shopping.

3 Research method and sample

Our primary research focuses on the typical online shopping behaviour of Generation Z and is based on an online survey involving 1055 individuals. We approached respondents with our survey using one of the favourite sharing methods of Generation Z, the Facebook group.

According to the latest census in 2011 released by the Central Statistics Office (2013), the population of Hungary was 9 906 000, of which our target group (Generation Z) comprises approximately 1 870 000 people. 1055 individuals may thus be considered a representative sample of the target group, and results can also be considered applicable to the wider population; however, because of the sampling method, they cannot be generalized.

The demographic composition of the sample is 70% female (n=731) and 30% male (n=324), so women are over-represented in our sample. Older members of Generation Z make up a large portion of the sample; three of the age groups with the oldest members from the sample make up more than half of the total sample (Me=1997) and more than a fifth of the sample are older individuals (20,57%, Mo=1995). 37% of the subjects live in the capital of Hungary, Budapest, 15% live in county towns, 9% live in big cities, 23% in small towns and 16% in municipalities. The last two types of settlements, which add up to more than a third of the total sample, possibly provide shoppers with limited access to commercial units so shopping may be more often undertaken on an online basis in these locations.

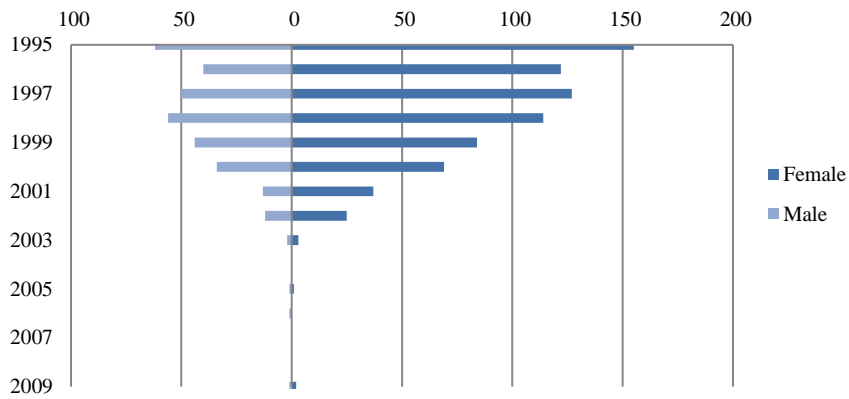


Figure 1
The number of respondents' according to gender and year of birth
Source: Authors' construction

The research design was planned to facilitate examination of the hypotheses. We started by emphasizing particular sections of a simplified purchasing decision model (Figure 2). The role of the internet is significant throughout the entire process, although the choice of this medium is not always a conscious activity; one cannot always clearly explain the reason *why* respondents select this medium for doing their shopping, so this subject received limited emphasis in our study.

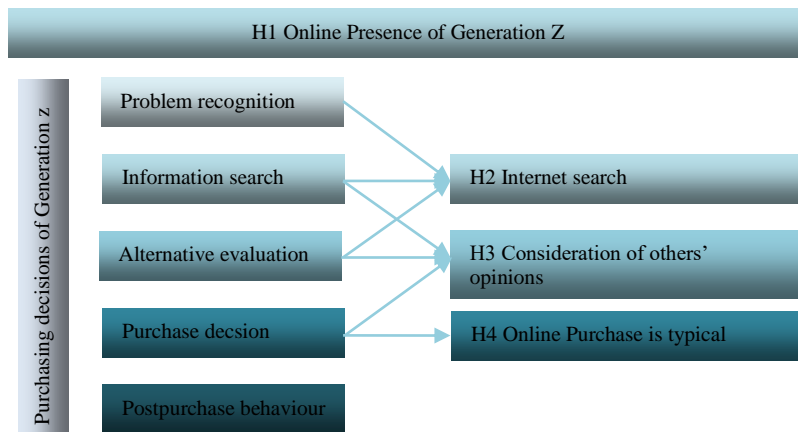


Figure 2
Research design
Source: Authors' construction

4 Results

Only one respondent does not use the internet every day: 99.34% of the sample use Facebook on daily basis, but use of YouTube and Instagram is also significant. Those who do not use Facebook regularly use YouTube. In contrast to the formerly observed characteristics of Generation Z, the survey shows that maintaining a continuous online presence is only moderately important ($\bar{x} = 3.21$, $Mo = 3$) as, surprisingly, is sharing posts and opinions ($\bar{x} = 1.76$, $Mo = 1$) and respondents claim that they do not necessarily expect feedback ($\bar{x} = 1.91$, $Mo = 1$). Accordingly, H1 cannot be confirmed.

To examine the sources of information used by Generation Z relating to purchasing decisions, multiple choice questions were employed. The sources of information used prior to making purchases contribute to the examination of H2 on the one hand, but also assist in verifying H3 because the primary source of information becomes identifiable. This we believe to be the internet, based on the characteristics of Generation Z. In this context, we studied the role played by product catalogues (1), flyers (2), vendors (3), family and friends (4), TV commercials (5) and the internet (6). We deliberately listed the internet in last place in the list of multiple choice responses so as to eliminate selection ordering bias. However, using the internet to disseminate the online survey probably influenced the findings.

The primary external source of information is the internet, as reported by 82.1% of respondents, while 60.0% ask for family and friends' opinions (Figure 3.). Product catalogues (15.6%), flyers (11.3%), vendors (6.7%) and TV commercials (7%) are less typically used as sources of information.

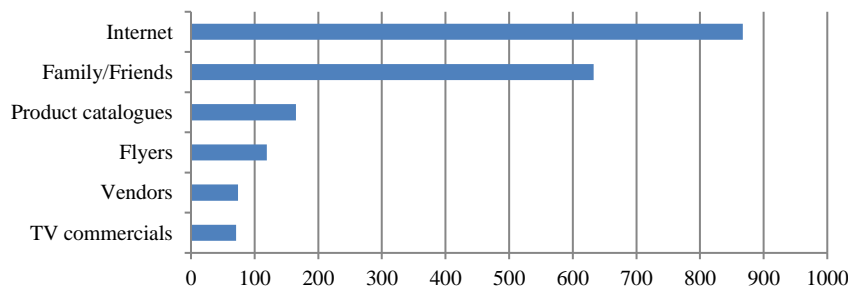


Figure 3
Sources of information used prior to purchasing
Source: Author's construction

The results confirm H1; the majority of members of Generation Z gather information from the internet before shopping; ROPO behaviour may also occur but was not addressed in this survey.

We did not directly examine H3, which concerns taking other people's opinions into consideration. Instead, using a five-point Likert-scale we indirectly examined the

evaluation of four factors which play a significant role in purchasing decisions: (1) price, (2) quality, (3) other people’s opinions, (4) personal experience, (5) product advertisements, (6) brand, and (7) packaging. By examining these items we are able to infer the role and weight of their influence in the decision-making process.

Respondents deemed pre-purchase personal experience, previous encounters ($\bar{x} = 4.39$, $Mo = 5$) and quality ($\bar{x} = 4.35$, $Mo = 5$) and, at the same level of importance, price level ($\bar{x} = 4.16$, $Mo = 5$) to have a significant role in purchasing decisions. However, brand ($\bar{x} = 2.91$, $Mo = 3$) and others’ opinions were not reported to be as important ($\bar{x} = 2.55$, $Mo = 3$), while packaging ($\bar{x} = 2.70$, $Mo = 3$) and advertisements ($\bar{x} = 1.88$, $Mo = 1$) may only have a subconscious influence (Figure 4). H3 could not be confirmed.

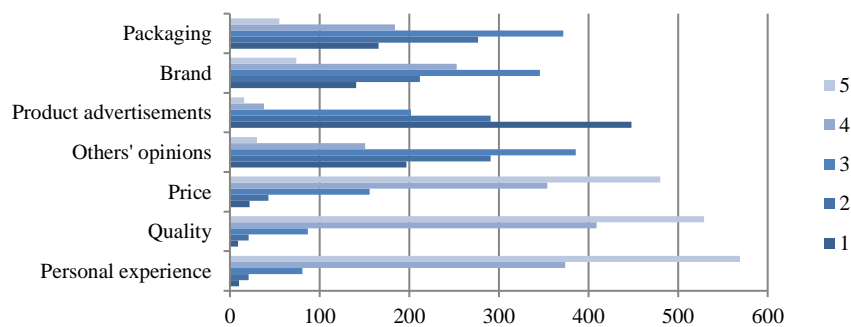


Figure 4
Factors influencing purchasing-related decisions
Source: Author’s construction

To test hypothesis H4, we asked young people whether they prefer online or offline shopping and which platforms they prefer. 30.4% of participants prefer to shop on the internet, although only 6.4% regularly shop online. Further research may examine the prevalence of BOPS behaviour.

5 Conclusions

The development of the digital world is creating modern ways of communicating. Generation Z and later generations such as Alpha Generation start off with a huge advantage over other generations in this digital world: they are able to gather information extremely quickly, they adapt well, they are able to multitask, they spend much of their free time surfing the web, and are almost always available online. The research described here did not address the potentially negative social effects of these habits, such as the lack of personal contact, estrangement and

lagging behind in other spheres of life. The latter factors are also characteristic of the Y Generation (Kolnhofer-Derecskei and Reicher, 2016).

In this article we sought the answer to whether Generation Z prefers online or offline information-gathering and shopping through examining their purchase-related decision-making processes, and investigated which factors play a role in their purchasing choices and decisions.

The results of our research indicate that Generation Z individuals, besides using the internet as the primary source of information, ask for the opinions of their families and friends when making purchasing decisions. The fact that the Generation Z members examined in this study do not prefer online to offline shopping may be explained by their financial and economic status. Further studies would be required to explore the reasons for this more deeply.

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