Factors affecting Purchasing Behaviour of Generation Z

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Abstract

The free market economy and the lifting of restriction of trade across national boundaries have spoilt the consumer with a choice where the manufacturers face intense competition to catch the attention of the discerning customer. Generation Z consumers have been identified as unique as they are the first generation of digital natives who are born with digital chromosomes in their DNA. To cater to their demands with a proper strategy it is important to investigate the determinant factors of these buyer's, characteristics and actions. Although there are models like Engel-Blackwell-Miniard model and traditional five-stage model which have been used previously to investigate purchasing behaviour, their ability to factor the unique characteristics of this market segment is questionable. The purpose of this paper is to develop an extended research model based on the theory of planned behaviour (TPB) incorporating the additional constructs of market mavenism, technology self-efficacy and social identity to capture the specific factors influencing the purchasing behaviour of Generation Z. The validated model can be utilized to assist in predicting potential consumer adoption behaviour and in designing favourable shopping environments that are compatible with these specific consumer traits.

Keywords

Generation Z, Purchasing behaviour, Theory of planned behaviour

1. Introduction

To create value for consumers and profits for organizations, marketers need to understand why consumers behave in certain ways to a variety of products and services offered. (Jisana, 2014). A consumer is a person who buys products or services directly. Consumer purchasing behaviour is defined by Solomon et al., (2014) as a series of activities conducted or perceived by people before buying products or services. Brooks D., (2012) has analysed it using 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 to execute the decision.

By analysing consumer purchasing behaviours, companies can better identify and select the target market and formulate effective marketing strategies. Companies can develop new products or improve current products to meet the individual needs of consumers (Michaud and Llerena, 2011). However, most often customers do not go through these logical processes every time they buy something (Solomon M. 2006). Meanwhile, various other factors are influencing the purchasing behaviour of consumer such as internal or psychological factors, social factors, cultural factors, economic factors and personal factors.

Although there are many models which have been developed for the examination of specific consumer traits in product purchasing, surveys have concluded that the generation-wise variations in the consumer pool also generate variations in the behaviour. According to Lee (2009) age is an important factor in the new digital culture which is why there are differences in different categories of consumers, (i.e., Generation Y, Generation Z) and in their expectations as consumers. The fact that age or generation sensitive factors have not been included in the previous frameworks of customer behaviour represents a significant omission as the relationship between generations and their significant behaviour patterns are well documented.

Tim S. (2014) summarizes those substantial variations in the generations as follows.
Table 1-Generationwise comparison of consumer behaviour by Tim S.(2014)

<table>
<thead>
<tr>
<th>Gen Z</th>
<th>Gen Y</th>
<th>Gen X</th>
</tr>
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<tbody>
<tr>
<td>Social Natives</td>
<td>Book smart and Savvy</td>
<td>Street smart and sceptical</td>
</tr>
<tr>
<td>Connected</td>
<td>Confident</td>
<td>No drama</td>
</tr>
<tr>
<td>Global minder</td>
<td>Global minder and balance</td>
<td>Balance</td>
</tr>
<tr>
<td>Friends =Family</td>
<td>Close to parents</td>
<td>Prepared rule settings</td>
</tr>
<tr>
<td>the first generation to have Internet technology so readily available</td>
<td>expanded use of technology compared to previous generations</td>
<td>less use of technology</td>
</tr>
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From the above comparison Generation, Z is significant because they were born into the digital age. With the web revolution that occurred throughout the 1990s, they have been exposed to an unprecedented amount of technology during childhood and adolescence. Also, because of their early exposure to large amounts of data and colourful graphics from the Web, they are very comfortable with manoeuvring varying digital environments and engaging with new online applications. Rothman (2016). So their confidence in front of technological sources is predicted to be high.

With advanced communication technology being an integrated part of their lives, they are also more likely to communicate differently (Bencski et. al., 2016; Bursch & Kelly, 2014; Turner, 2015). This is the first generation to have Internet technology so readily available. They take the Internet for granted and consider web sites such as Orkut, Google, and Facebook 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.

They are the first mobile mavens in the world. Their preference for wireless, touch-operated screen iPads and smartphones rather than the ones that limited with wires tremendously showcase their familiarity for mobile technologies. Many in this group have never tied up in comparing 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.

So as per the previous studies similar to the personal behavioural 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 (Williams & Page, 2011). Since this generation is yet to significantly entered to good market there is a significant deficit of proper consumer behavioural analysis on this segment.

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 behaviour towards Generation Z. There have been some previous attempts to review some of the aspects of consumer behaviour 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. Cons-tantinos et al. (2017) and Payment Options, Perceived Enjoyment, Peer and Social Influence, Product Design and Product Brand as the key influential factors that control the buying decision of GenZ.Ashraf(2018).

This paper reviews the extant literature on models of consumer behaviour at market places and attempts to organize the synthesized knowledge into a conceptual model to offer a new perspective to the consumer behaviour of Generation Z.

2. Methodology

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To identify and review the relevant literature, the following research methodology was adopted based on the guidelines for systematic and integrative literature review by Torraco (2005) and Webster and Watson (2002). An initial pool of studies was built by conducting searches in databases such as Emerald Insight, ResearchGate, articles at ScienceDirect, Journal for Marketing studies and Journal at Retailing and Consumer Services available from 2012 to 2019. Since the behaviour of generation Z is a new concept, the literature available on Generation Z was from 2012 onwards.

The following key terms were used to search the databases e “factors” AND “consumer” AND” behaviour” (for All Text) AND “consumption” OR “purchase” OR “Generation Z” OR” Theory of Planned Behaviour” (for Title). These key terms allowed us to search through subjects such as Market Analysis, Marketing Research, Consumer Behaviour, Consumer behaviour models, generation Z, Theory of planned Behaviour, Attitude, Perceive Control and Social Norm.

The searches resulted in 52 studies inclusive of academic journals, dissertations/thesis, and conference proceedings. Multiple rounds of screening of studies were undertaken to reach at the final set of studies for the review. In the first round, studies were shortlisted based on the following criteria: (1) published in 2012 or after (2) published with more number of citations.

This reduced the number of studies to 35. In the second round, these studies were subjected to the following selection criteria: 
(1) focus on consumer behaviour (studies on consumer behaviour analysis through neurological and highly psychological studies were discarded) 
(2) title/abstract focusing on the comparison of models of consumer behaviour 
(3) title/abstract focusing on consumer behaviour upon the theory of planned behaviour (in some cases studies which evaluate behaviour through the theory of planned behaviour were included), 
(4) title/abstract focusing on consumer behaviour for Generation Z (studies may or may not base on the theory of planned behaviour) 

Thus,25 shortlisted studies were further screened after full-text review for clarity on descriptions of measurement methods, models and sampling characteristics and specific focus consumer behaviour aspects, especially on Generation Z. As a result, 22 studies meeting the above criteria were selected for the review.

As indicated in the selection criteria the studies based on the consumer behaviour and interpretation of models for consumer behaviour have been investigated initially. According to Paine (2017), there are several models of consumer behaviour which he categorized as follows: The first is the economic model which focuses on the idea that consumer behaviour is governed by the idea of getting the most benefits while minimizing costs. The influence of the economic indicators such as the consumer's purchasing power and the price of competitive products for consumer behaviour is elaborately discussed in this economic model. The second is the learning model or a psychoanalytical model which explains that consumer behaviour is influenced by the conscious and the subconscious mind. Gomas (2018). This model was conceptualized based on the idea that consumer behaviour is governed by the need to satisfy basic and learned needs. The need for food, clothing and shelter like basic needs and fear and guilt like learned needs was considered as the variables in this model. Thus, a consumer will tend to buy things that will satisfy their needs and provide satisfaction. The third is the sociological model which considers that the buying pattern of a consumer is based on his role and influence in the society; and is influenced by the people he associates with. Gomas (2018). Sociological model primarily considers the idea that a consumer's buying pattern is based on his role and influence in society. A consumer's behaviour may also be influenced by the people she associates with and the culture that her society exhibits. Jisana(2014).The fourth is the traditional five-stage model which suggests that the client typically passes through five stages – need recognition, information search, evaluation of alternatives, purchase decision and post-purchase behaviour. The five-stage model implies that the buying process starts long before the actual purchase and consequences long afterwards. Kotler P. T. (2012).

Studies on consumer behaviour on modern Engel-Blackwell-Miniard model of customer shows decision-making process stages which are affected by an individual's characteristics (such as motives and values), social influences (such as, culture), and situational influences. Engel J. F. (1968). This model is essentially a conscious problem solving and learning model of consumer behaviour. This model has a respectable description of active information pursuing and evaluation processes of consumer. It shows modules of decision making and the relationship and interaction among them. In their model of consumer behaviour, they view consumer behaviour as a decision process and identify five activities occurring in this decision process over some time. They are Problem recognition/Need recognition Information search Evaluation of alternatives Choice. Jisana (2014)
Nicosia model of the consumer decision process is also a customer decision process model. In this model, customer attitude, motivation, buying behaviour, and experience is the result of corresponding primary fields and this result significantly affects the following areas. Nicosia F. M. (1966).

Even some studies have used the information processing approach model with the aim of explaining consumer behaviour. Information processing approach states that customers first obtain information, then interpret and evaluate it, and then make a particular choice. Kaspars et al.(2016).

Buying behaviour is a function of several factors: the consumer himself, his social environment, the competing products in the marketplace, and the brand marketing strategy. Gomas(2018) . Besides, the product, price, place, promotion, people, physical evidence and process have a positive relationship with shoppers' buying behaviour. He noted that it is significant to understand both the psychology and the sociology of consumer groups or networks and not only the physical and chemical make-up of the products being offered within the framework of consumer behaviour.

At the same time, the decision of a person mostly depends on the way he perceives the situation. Some models suggest that human behaviour depends on perception, reason and will. It is important to know on which factor to focus most when human behaviour is explained, influenced or changed. Kaspars et al. (2016).

So when evaluating models under the second stage of selection to choose an appropriate model to use as the base of the conceptualization, the applicability and the practicality of the model were considered.

In the evaluation, the models, information processing approach model are perceived to be too general and vague, and that makes it practically impossible to apply and use it for specific marketing decisions about placement and content of the communicated message. Kaspars et al. (2016).

Critics argue that Engel-Blackwell-Miniard model seems to be a mechanical overview of human behaviour, which makes it difficult to use for practical purposes. It ignores the fact that customer’s factors and also social and situational factors significantly influence customer’s processing. Due to the complexity of the model, it is hard to read. Unclearly defined variables that form this model makes it too vague for practical usage. Kaspars et al. (2016). Thereby, according to author Foxall, the Engel-Blackwell-Miniard model is pre-scientific, and cannot be validated Loudon, D. L. (1993), (Foxall G.F. (1980). Even the extensive customer behaviour models such as the Nicosia model of customer behaviour is too theoretical and logical, and, therefore, do not represent well consumer behaviour. Such models are also hard to read as they contain a large number of elements. Kaspars et al. (2016)

In the evaluation of the stimulus-response model, factors that affect human behaviour are divided into two main groups – external environment factors or stimuli, and internal environment factors. External environment factors fall into two groups - marketing stimuli, which companies can control, and other stimuli, on which companies have very limited control. Kaspars et al. (2016).The five-stage model supports the assumption that people carefully and rationally process as much information about the product as possible, that they consider all the pros and cons of a product, and make the logical decision. However, most often customers do not go through this logical process every time they buy something (Solomon M. 2006).

As a conclusion, most of the previously described models assume that customer initially goes through cognitive stage followed by affective stage followed by behavioural stage. The main drawback of most commonly used models is their logical step-by-step sequence of stages that excludes such situations where customer forms attitudes and knowledge about the product after the actual purchase. Some simplified models apply to a broader range of situations, yet, they vaguely explain the given situation, which makes them too general for practical applications. Kaspars et al. (2016). Some comprehensive models do not precisely explain customer decision making when buying specific products, for instance, when customers do habitual purchases.

Then the need of a prominent model which distinctly elaborate the factors which affect the consumer behaviour collaborating physical, psychological and sociological aspects without limiting to a single field is prescribed based on the past literature. During the investigation the theory of planned behaviour as a theory in socio-psychology has been identified as a useful framework to understand the behaviour and especially the intention that drives it with its frequent usage among researchers to investigate consumer's behaviour. Giampietri, E.(2017) So under the third stage of selection criteria, the literature based
on the theory of planned behaviour is soundly reviewed to find an opportunity to used it to fill the deficit of a proper model to describe the consumer behaviour.

The theory of planned behaviour (TPB) proposed by Ajzen (1991) is a theoretical model that was based on the former theory of reasoned action (TRA) created by Fishbein & Ajzen(1975). TPB contains the constructs attitude, subjective norm, perceived behavioural control, behavioural intention and behaviour.

As the first construct under the TPB, an attitude refers to a set of emotions, beliefs, and behaviours toward a particular object, person, thing, or event. Attitude has 3 components as Informational or Cognitive component; person's ideas about a subject, Emotional or Affective component; kind of emotion experienced towards the object, Behavioral component; predisposition to act in a certain manner. So attitude towards purchasing is measured by four semantic differential scales: two which tapped the affective (bad-good, displeased-pleased) aspect of attitude and two which tapped the cognitive (foolish-wise, harmful-beneficial) aspect of attitude. Michelle et al (2018)

The second construct of Subjective norm is considered to be the perceived pressure imposed by others such as neighbour, friends, peers etc who perform the behaviour of interest and such action have either directly or indirectly influence on respondent’s behaviour. Subjective norms refer to the 'person’s perception that most people who are important to him think that he should or should not perform the behaviour in question'. (Khalil and Michael,2008). In some literature perceived social pressure towards buying is assessed as five social norms among family and friends, university scientists, the media, the food industry, and other important people. Michelle et al. (2018). But according to Vivek K., Bibhas C. (2017) this construct also can be assessed as "Most people who are important to me think I should perform this specific behaviour, most people who are important to me would want me to perform this specific behaviour and people whose opinions I value would prefer that I perform this specific behaviour".

The last construct of Perceived behavioural control refers to people's perceptions/opinions/views of their ability to perform a given behaviour. Generally, people who feel that they can access resources such as money and opportunities for performing a behaviour are likely to perceive a high degree of PBC (Ajzen, 1991; Conner and Armitage, 1998), which can help them perform the behaviour successfully. Michelle et al. (2018) has assessed this construct as their ability to find and understand additional information about the origin and other specific factors about behaviour, before its performance.

Although the other models assume that behaviour is completely voluntary and rational, in many situations people do not have full volitional control to perform a certain behaviour as they might lack the willingness or resources to perform the behaviour. Therefore, the TPB does not only look at the attitude towards behaviour and subjective norm but also adds the factor called "perceived behavioural control". So TPB can be nominated as a theory which is worth to be considered because of its construct combination on physical, psychological and sociological aspects.

3. Findings

When reviewing the concept of the theory of planned behaviour and its applications, some drawbacks of this model also was revealed which need further adjustments. (Daniel E. Montaño and Kasprzyk,(2017) has stated that TRA/TPB as an injunctive norm and may not fully capture normative influence. In addition, perceptions about what others in one’s social or personal networks are doing which captures the strong social identity in certain cultures which, according to some theorists, is also an indicator of normative influence (Bagozzi and Lee, 2002; Triandis,1980; Triandis and others, 1988). Exclusion of the power of social identity in consumer behaviour determination through TPB is questioned by the above literature.

Some have argued that the experience of performing the behaviour may make it habitual and even if a person has a strong behavioural intention, she needs knowledge and skill to carry out the behaviour. (Daniel E. Montaño and Kasprzyk,2017).The exclusion of the consumer knowledge, skills and experiences directly as constructs in consumer behaviour determination through TPB is also questioned by the above literature.

Ajzen (1991) himself has suggested that the relative importance of attitude, subjective norm, and perceived behavioural control in the prediction of intention is expected to vary across behaviours and situations. Sometimes it has been suggested that, at least in certain contexts, we need to consider not only perceived social pressures but also personal feelings of moral obligation or responsibility to perform, or refuse to perform, a certain behavior (Gorsuch & Orttberg, 1983; Pomazal & Jaccard, 1976; Schwartz & Tessler, 1972).Even some academic literature has directly suggested that some other factors can be
considered as additional determinants of the intention within the TPB original framework, such as past behaviour and self-identity (Carfora, Caso, & Conner, 2016), risk perception (Lobb, Mazzocchi, & Traill, 2007) and trust (Mazzocchi, Lobb, BruceTraill, & Cavicchi, 2008).

Giampietri, E., Food Quality and Preference, (2017) has stated that compared to the original TPB framework, the extended model shows better Goodness-of-fit. Even Ajzen (1991) has suggested that the TPB is open to expansion. To improve its explanatory power, many new predictors have been integrated into the original TPB by researchers. So to fill the gaps TPB many of the studies have suggested expanded models with appropriate additional constructs to conduct a meaningful investigation of the relevant research problem.

Jing Y. and Dothan T., (2018) has proposed an expanded TPB model containing psychological, service, and cultural factors. The literature on Understanding why consumers engage in electronic word-of-mouth by Fu, J.-R., et al. (2015) has extended the original TPB with consumers' beliefs of altruism, reciprocity and egoism was deemed valuable. According to Giampietri, Food Quality and Preference (2017) an extended TPB model was developed to verify the additional predictive power of trust in predicting consumer purchase. Therefore, they have integrated trust to the original three TPB main antecedents. The model is also benefited from the inclusion of two other additional factors in terms of behavioural explanatory variables, namely, consumer residential area and fair-trade purchasing habit.

As expected exploration of the specificities of the behavioural traits of the Generation Z needs few more expansions than the original TPB. Along with the loopholes of the TPB when it comes to the specificities of the Generation Z, a relationship of additional constructs can be visualized precisely.

As discussed in the introduction the generation Z’s Knowledge about the market, confidence in front of technology and social connectivity is assumed to be higher than the other generations. As given in the above table of drawbacks of the TPB, the need of those constructs for an accurate analysis of consumer behaviour is important.

Based on that idea the literature review has concluded that addition of Market mavenism, Technology self-efficacy and social identity are the 3 main constructs to be added for the expansion of TPB which model the determination of factors affecting the purchasing behaviour of Generation Z.

Market maven is considered as an opinion leader kind of person who tremendously possesses a wide range of information and consumer knowledge about many different types of products, places and other dimensions of markets. Consumer knowledge he possesses can be measured by how much he is aware of the product. Consumer Awareness is a performance of assurance the buyer or consumer is aware of the information about products, goods, services, and consumer’s rights. Product familiarity and product knowledge have been used by past literature to measure the Consumer awareness. Product familiarity tells consumers about the depth and breadth of product. It makes the customer aware of the existence of the product. Aurier P., Paul V. (1999). Product knowledge is knowledge given to consumers about the characteristics of the product and making customer aware of the usage of the product. Also, companies provide knowhow on the product they are merchandizing thus increasing product knowledge of the consumers. Aurier P., Paul V. (1999).

Social identity is the portion of an individual's self-concept derived from perceived membership in a relevant social group Social identity relates to how we identify ourselves concerning others according to what we have in common. Social identity encourages a sense of self-esteem and a framework for socializing. Social psychologists have inspected Self-Identity as a construct reflecting the social influence on behaviour. (HowStuffWorks,2011) In particular, Self-Identity has been shown to have a significant influence on voluntary behaviour and have enduring effects, situations where the Subjective Norm had little effect. Younghwa et. al. (2006)

Technological self-efficacy (TSE) is ‘the belief in one's ability to successfully perform a technologically sophisticated new task. One’s confidence about one’s capacity to succeed at a specific task that involves the use of technological tools. These beliefs are thought to be based on one’s previous performance accomplishments, vicarious experience, verbal persuasion and emotional arousal. When applied to technology use, the theory suggests that people with higher levels of self-efficacy would engage more frequently in technology-related activities and persist longer in coping efforts whereas those with lower self-efficacy would tend to ‘give up’ more easily. Jing Y. and Dothang T. (2018)

Therefore, based on TPB and the above additional constructs the concluded conceptual model for Generation Z consumer’s purchasing behaviour can be presented as follows.

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4. Implications

In conclusion, the Generation Z segment of the market differs in their characteristics, needs, attributes and work style from other generations. Their influence and economic power are expected to increase rapidly and their buying power is currently estimated at more than $44 billion. They spend approximately a quarter of their time online but are known to selectively filter this digital information first, before taking an action. To cater to their demands with a proper strategy it is important to investigate the determinant factors of this buyer's characteristics and actions.

Results of a structural review of the literature analysis revealed that the new model provides a better fit with the traits of the Generation Z and added constructs in the new conceptual model considerably contribute to improving our understanding of the complicated process of Generation Z customer decision-making. Implications are provided to assist in predicting potential consumer adoption behaviour and in designing favourable shopping environments that are compatible with these specific consumer traits.

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