

## ANALYSIS OF PURCHASING DECISIONS MADE BY THE GENERATION Z CONSUMERS

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### Abstract:

The consumer is one of the key players in the modern market economy. His behavior largely determines the success of the company, therefore, there is a growing interest of the market researchers which focus on the topic of consumers' behavior. They analyze different groups of consumers with different purchasing behaviors. This article focuses on a specific group of young purchasers, the Z generation, that is people born after 1995, whose market actions seem to be unique - different from the ones that are taken by other age groups. The aim of this article is to analyze the purchasing decisions made by the Z generation consumers. The text is based on a questionnaire conducted with the use of audit survey technique. It was carried out in the last months of 2016 on a few representatives of the Z generation. The research concerned the category of the purchased goods. Its results are an exploration of the studied phenomenon.

*Keywords: Z generation, young consumers, decision making styles, buyers' behaviors*

### 1. INTRODUCTION - GENERATION Z

The term generation should be understood as a group of people born in the same period (Baran, Kłos, 2014, p. 923). Generation groups are distinguished because of comparable functioning conditions of the persons belonging to them, as well as similar characteristics differentiating a person from a particular generation from people from other ones. Different time periods are associated with particular generations, and so generation Z is defined as a group of people born after 1990, 1995 or 2000 (depending on the adopted concept). For the purpose of the present paper, generation Z will be defined as people born after 1995. Alternatively the following terms will be also used: adolescents, young consumers as well as children and young people. Generation Z, otherwise called iGeneration, consists of people whose characteristics are still under the construction phase. However, today we can already state that they are a group distinguished by different determinants than people from generation Y (born just before Z). Since their childhood people from generation Z function in a world of highly developed and advanced technologies, they do not know the reality without cell phones or the Internet. From an early age they learn foreign languages and how to function in virtual reality. There are many reasons to believe that in adulthood they will be more active, creative, conscious and pragmatic than their predecessors. Without a doubt, it should be also taken into account that the virtual world, social media, smartphones and tablets will not be something new but standard for them. Research shows that, despite many similarities, generation Z will consist of units more internally diverse than it was in previous generations, which is why an analysis of their traits and behaviors seems even more justified (The Center for Generational Kinetics, 2016). Due to specific features which characterize people from generation Z as well as different conditions of their functioning, it should be assumed that they will be a group of new consumers whose needs and demands are slightly different than those of earlier generations.

### 2. GENERATION Z AS CONSUMERS

Children and adolescents participate in the market from the early age. Today, a dynamic growth in the purchasing power of children and youth market is observed. The value of this market amounted to less than 20 billion PLN in 1993, and ten years later it more than doubled and exceeded 50 billion PLN (Maison, Noga-Bogomilski 2007). The sum of money spent independently by teenagers is also

constantly growing. Almost 90% of young people aged between 11 and 18 receive pocket money. The amount of cash they possess increases from year to year (IPSOS, 2010). Research shows that young people aged between 15 and 18 receive an average of 82 PLN per month (IPSOS, 2010). In 2012, teenagers in the United States spent \$ 220 billion only on clothes (Gentina, Chandon, 2013, pp. 609-616). It should be also noted that young people and children have cash but, at the same time, they have very low economic knowledge. However, analyses indicate the increasing expense planning (more than 50% of young people plan their expenditures), and only 9% of young consumers spend money impulsively. It can be also observed that young people save money (1/3 of them do it) usually for a specific purpose (Iwanicz-Drozdowska et al., 2011, pp. 143-255). From an early age young people also tend to enlarge their financial resources. Their actions include a great deal of entrepreneurship. Young Europeans are increasingly often seeking for employment, although Polish youngsters look for a job two years later than these coming from other European countries (Kołodziej, 2014, pp. 79-98). The increasing range of impact of children on consumer decisions taken by parents, guardians or other family members should be also emphasized. Adolescents not only buy independently, but they also have a significant influence on choices made by their caregivers, especially concerning technology products and online shopping. In 2002 in the United States the power of this impact was estimated at more than one trillion dollars. The forecasted increase in the economic impact strength is 20% per year (Schor, 2004). In the light of the outlined phenomena, the growing interest of sales specialists in groups of children and youngsters as active market participants seems obvious. Different actions are undertaken, such as the strategy of building brand loyalty from an early age, for example by creating special brands tailored to the needs of the younger groups; an overall development of marketing strategies targeted at children and young people as well as products targeted to this group of buyers is also observed.

Taking into account the above, it seems reasonable and well-grounded to undertake research related to teenage consumer attitudes and preferences. The present paper is an attempt to outline decision-making styles of consumers from generation Z.

### 3. THE CHOSEN RESEARCH METHOD

In order to determine the dominant consumer decision-making styles in generation Z a quantitative research was conducted. The survey was carried out using the technique of a random survey. The sample was selected in a non-random, purposeful way. The study involved 153 respondents from generation Z (born after 1995). People aged 16 to 18 were surveyed. The research was conducted in educational institutions with the consent of their principals. The respondents came from two Polish voivodships: Podkarpackie and Lubelskie. The basis for the selection of voivodships was the revenue criterion. Lublin voivodship found itself in the 8<sup>th</sup> position out of 16 Polish ones (data for December 2016) in the ranking of wages, which puts it exactly in the middle. This means that it may be considered as representative of the average wage in Poland. On the other hand, the Podkarpackie voivodship was in the group with the lowest wages (GUS, 2017). The study involved 82 persons from Podkarpackie voivodship and 71 persons from Lublin voivodship. 64% of them were women and 36% men. A standardized questionnaire "Consumer decision-making styles" by George B. Sproles and Elizabeth Kendall in the adaptation of Radosław Maćik and Dorota Maćik (Maćik, 2015) was used as the research instrument. The questionnaire contains 50 statements representing 10 dimensions of consumer decision-making styles with answers on a 5-point Likert-type scales (where 1 - strongly disagree, 2 – disagree, 3 - neither agree nor disagree, 4 – agree, 5 - strongly agree). The dimensions together with their characteristics are presented in Table 1. The questionnaire of G. B. Sproles and E. Kendall is a reliable instrument, used in numerous studies of consumer behaviors.

**Table 1:** Consumer decision-making styles with their short description

Styles	Abbrev.	Short description
Perfectionistic Consumer	PERF	Consumer characterized by a high sensitivity to the quality of the bought products.
Brand-Conscious Consumer	BC	Consumer eager to buy well-known and expensive brands.
Novelty Fashion Conscious Consumer	NFC	Consumer seeking fashionable goods and novelties on the market.
Recreational Shopping Conscious Consumer	RSC	Finds pleasure in shopping and treats the purchasing process as entertainment.

Price-Value Conscious Consumer	PVC	Looking for the highest quality at the lowest possible price, willingly using price discounts.
Impulsive Consumer	IMP	Usually shopping mindlessly and not planning shopping.
Confused by Overchoice Consumer	CO	Overwhelmed by products, brands and places of purchase. Often manifesting difficulties in making purchase decisions.
Habitual Brand-Loyal Consumer	HBL	Characterized by high loyalty and repeatability in purchasing certain brands in certain points of sale.
Compulsive Consumer	COMP	Exhibiting a tendency to shopping addiction.
Ecologically-Conscious Consumer	ECO	Taking into account in the purchasing process the concern for the environment and their own health.

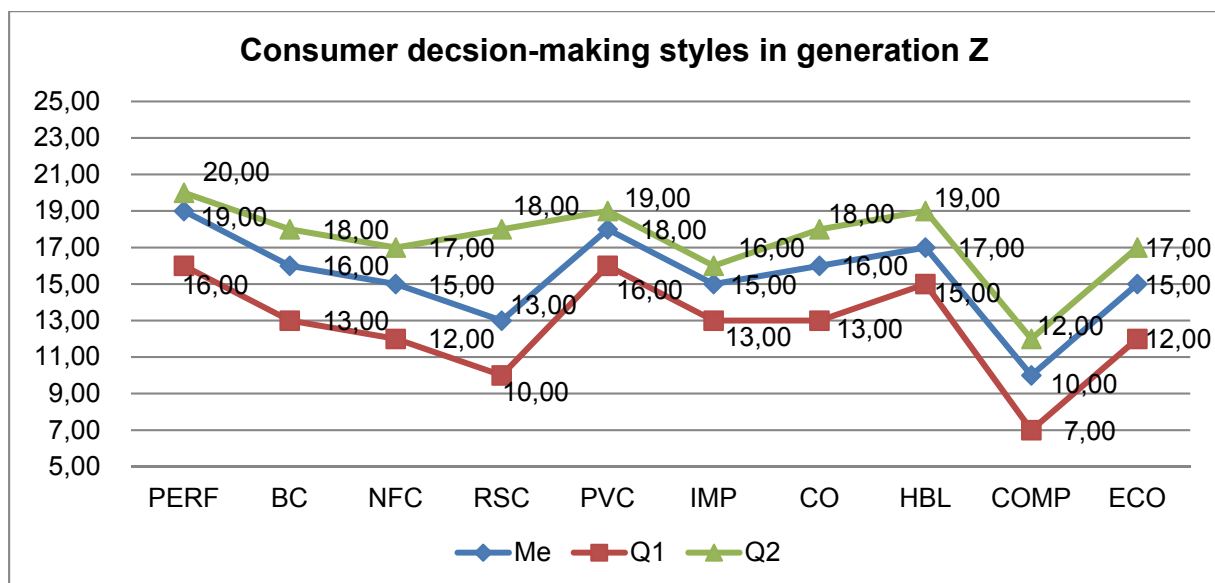
Source: own work based on Macik&Macik 2015

The analysis of the results of the research is presented below.

#### 4. THE ANALYSIS OF THE RESEARCH RESULTS

Each of the ten analyzed dimensions (PERF, BC, NFC, RSC, PVC, IMP, CO, HBL, COMP, ECO) was represented in the questionnaire by 5 statements. The maximum value which could be obtained by the respondent in every dimension was 25, and the minimum one was 5. The chart below represents the quartile values (Q1, Me, Q3) for particular dimensions in the surveyed sample of consumers from generation Z.

**Chart 1:** Consumer decision-making styles (quartiles results)

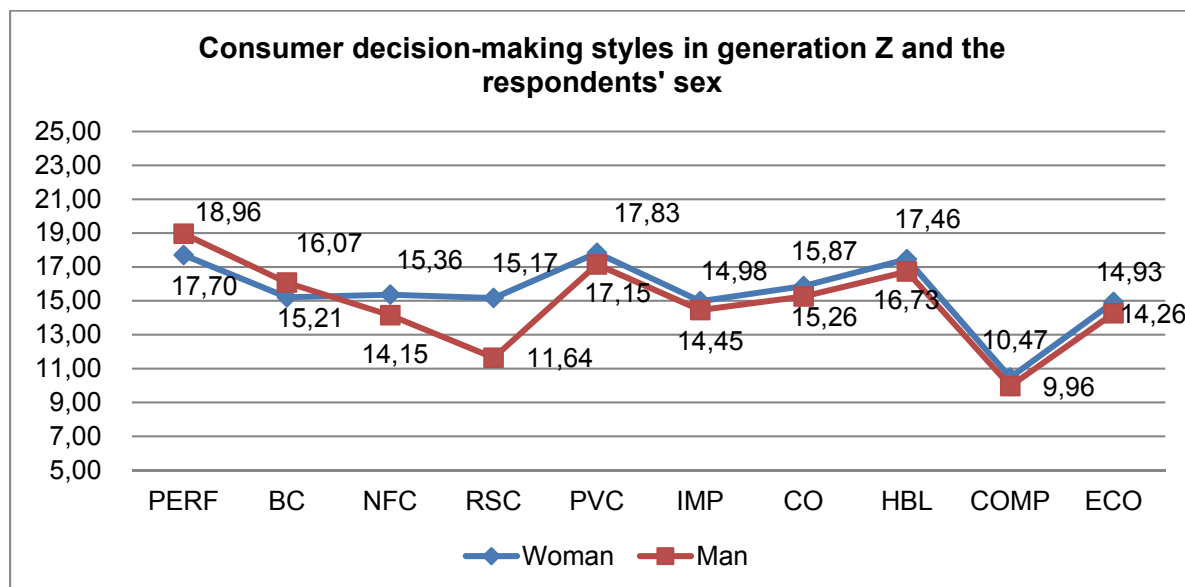


Source: own work

As presented in Chart 1, in their decisions young consumers highly appreciate the quality of the bought products (Me = 19 for PERF style), they are also sensitive to the price of goods (Me = 18 for PVC style). Adolescents are more moderately attached to shopping sites and product brands – within the dimension indicating loyalty Me equals 17, they are also fairly sensitive to brand BC = 16, and quite significantly overwhelmed with information CO = 16. The next dimensions in terms of relevance of the factors influencing consumer decisions were sensitivity to fashion and ecology, as well as impulsivity of making consumer decisions - Me in each of these dimensions equaled 15. The lowest investigated dimensions were deriving pleasure from shopping (RSC median = 13) and indicating the possibility of addiction to shopping (COMP median = 10). This means that consumers from generation Z do not treat shopping as a great pleasure or simply do not like it. This may seem slightly surprising.

The following section of this paper contains a comparative analysis of men and women from generation Z in terms of consumer decision-making styles. A t test was used to compare average values in both groups. A detailed comparison of the averages obtained in each dimension by women and men is presented in Chart 2.

**Chart 2:** Average values for particular consumer decision-making styles dimensions taking into account the surveyed persons' sex



Source: own work

The conducted test for normality permitted to use parametric test comparisons between the groups. The analysis of the t test for independent samples allowed to state the occurrence of a statistically significant difference between the group of men and women only in two analyzed dimensions - perfectionistic (level of significance 0.011) and recreational (level of significance 0.000). This means that young men attach slightly more attention to the quality of the purchased goods than young women, who, on the other hand, derive more pleasure from shopping (see Chart 2).

## 5. CONCLUSION

The conducted survey allowed to identify consumer decision-making styles among people from generation Z. Research shows that adolescents demonstrate a particular sensitivity to the quality and price of products. Simultaneously, they are characterized by comparatively low indices in the dimension of leisure, which indicates that shopping does not constitute their favorite form of entertainment, whereas young women find more pleasure in shopping than men. It should also be noted that the comparison of groups of men and women showed no significant differences between them for most of the dimensions analyzed. Further research of consumer groups from generation Z may allow a more appropriate planning of marketing activities, as well as the adaptation of the marketing-mix instruments addressed to young people. They may also be a basis for providing necessary information to the policy of young consumers protection, which is why further analyzes relating to young consumers from generation Z seem to be justified and desirable.

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