

Purchase Preference of Generation Z: A Comparison with Gen Y and Gen X

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Abstract

Marketers, academicians, and researchers all remain interested in knowing how a specific generation behaves, specifically related to consumption practices and brand preferences. This study tries to understand the Purchase Preference for Branded Products of three generations Gen Z, Gen Y, and Gen X. It further tries to understand whether the type of product category affects the Purchase Preference of these generations. Generation Z seems to be more brand oriented in its purchase preferences in comparison to Gen Y and Gen X but the difference is more with the older generation of Gen X rather than with Gen Y, with which it may have a difference in degree. The difference is more between Gen Z and Gen X and to some extent between Gen Y and Gen X and to lesser extent between Gen Z and Gen Y.

Keywords: Generation Z, Generation Y, Generation X, Purchase Preference, Branded Products, Gen Z, Gen Y, Gen X.

Introduction

Marketers, academicians, and researchers all remain interested in knowing how a specific generation behaves, specifically related to consumption practices and brand preferences. The current Generation Gen-Z, which is also named as I-Generation or Centennials, are the individuals whose birth dates fall between the year 1997 and 2012 and are the successor of the previous generation which is known as Millennials. Many research and studies have indicated that a specific demographic cohort tends to behave differently than other groups in terms of their likes and preferences. Each generation faces a different scenario due to the advancement of technology, changes in social systems, and developments in economic systems which leads them to adopt different values and a tendency to view world in their unique way. These generations have different forms of relationship not only with people around them but also with the products and brands they use and patronize.

Brands thrive on relationship with consumers, which is based on their understanding of the likes and preference of them and are generally governed by the type of demographic cohort they belong to. Brands create a personality around them which helps consumers to relate with them and have a bond with the brands that they like and appreciate. A brand may have its appeal to one generation while the other generation may not find it relevant to their preferences. Besides, the relationship with a brand evolves over a period when consumer starts relying on the brand and trusts the communication received from brands. The challenge for the brands is, how to remain relevant to new generation while not alienating the older generation. The Gen Z are an important segment of consumer who hold substantial influence over the purchase and consumption decision of their previous generation, and it would be very crucial for the

brands to appeal to this generation and connect meaningfully with them. McKinsey (2008) in its report on generation Z indicates that the influence of Gen Z—the first generation of true digital natives—is expanding.

Marketers have a general tendency to segment the consumers based on age, gender, education, income and geographics to understand their needs and preferences and then create product, position, message contents and promotion based on this understanding. However, Generation based segmentation could be more effective and meaningful in making important marketing decisions. Strauss and Howe (1991) proposed that a generation probably offered a safer basis for personality generalization compared to what is offered by other social categories like sex, race, religion, or age.

Literature Review

Strauss and Howe (1991) defined a generation as a cohort of people born within a particular period which, by most definitions, is approximately 20 years and it corresponds to the average length of time between birth and childbearing. As per Xing, Li (2021), a generation is a division of geographically related group of individuals who happen to witness some major social, technological, and cultural events during their development and may carry a common collective memory which influences them to have similar value systems and tend to have similar consumer behaviour. Xing, Li (2021) also clarified that Generation Z are born between 1997 to 2012 and the generation is known by their preference for smart phone for the communication and on average known to spend about 3 hours each day on their cell phones. But Xing, Li also cautioned against applying the American or European definition of generations on the generation division of other countries as the source of change in them may be different for different regions. Taylor, Charles R. (2018) highlighted a general complaint about the definition of a generation, which he clarifies, being poorly defined and somewhat vague from the point of view of academic studies and suggested that there is significant variance in experience, motivation, lifestyle, values, and consumer behaviour with these wide generational cohorts. Williams and Page (2011) suggest that every generation's purchase behaviour is influenced by their unique value systems, lifestyle orientation, life experiences, generational history, demographics, and distinct expectations.

McKinsey Report (2018) suggested that the individuals of Gen Z are in real sense the digital natives as they from their early age have been witnessing internet, social networking, and mobile usage. This has given rise to a hypercognitive generation which is very adept in gathering and checking multiple sources of information and assimilating both the online and physical experiences. McKinsey Report (2018) also insisted that as the globe getting connected increasingly, the generational shift becomes significant in setting behaviour compared to what socioeconomic differences can do and this new generation exert influence on the older generations on their consumption behaviour and the brands relationships. Ernest & Young (2020) argued that though millennials are the most important factor at present, the next decade will witness strong impact of maturation of the Gen Z as they will be the largest generational group in the history of human civilization. This generation group will have about 24% of world population with about 1.8 billion individuals globally and this generational shift is happening not only within the countries but also among the nations as the developed economies are having more of older people whereas countries which are on developing stages have more of young people. Like India, which is developing economy has almost 27% or about 375 million of people who belongs to Gen Z cohort while Japan has about 14% of the population in this cohort.

Brooks, Rebecca (2022) claimed that the Gen Z, which are fast knocking adulthood, have their own style of communication and their working style is very different. They have their unique way of purchasing, and consuming. She suggested that this geographic group is diverse in itself and don't like to be branded as one cluster. They have and show their strong predisposed opinion about the world. She recommended that to know and understand this Gen Z it requires to study the similarity and difference in their dealing with the brands compared to other generations with respect to brand patronage, familiarity, and brand awareness. She clarified that this generation is not limited by the past patterns and cannot be measured by these old metrics. Gen Z and Gen X behave in the same manner regarding loyalty towards a particular brand which is quite contrary to how Baby Boomer will behave. These new young generation buyers are preferring disruptive, advanced, and customer centric brands and experiences against the regular offerings. Keever et al (2021) suggested that Gen Z is multifarious and complicated generation with varied characteristics and there exists some gap in understanding about the communication choices and drives for brand relationship in relation to Gen Z. They also underlined that the studies about Gen Z have suggested involving the evolving consumer values of Gen Z into brand development to create strong brand relationship. They suggested that to target Gen Z consumers brands need to build authentic brand identity, prioritise user generated content, and innovate and interact.

Objectives

This study was conducted to understand the relationship of the Gen-Z with the brands. The objectives of this study were.

1. To understand Gen-Zs overall purchase preference for branded products and comparing it with the preferences of other generations. [H0 = There is no association between generations and brand preference for overall purchase.]
2. To understand any variation in their preference for branded products in different product categories.

Research Methodology

The present study is exploratory in nature where convenience sampling has been used to collect the data using the questionnaire designed for such purpose. A sample of 150 respondents have been approached for their responses in relation to brand preferences. Statistical tools have been used to analyse the data thus collected.

Analysis

1: Overall Purchase Preference of various Generations

The study tried to understand the overall purchase preferences of various generations by analysing their preferences for branded purchases and see whether any substantial difference exists across generations who indicated that majority of times (more than 30%) their purchase is branded purchase. The chi-square test indicated that there exists a substantial association of gender with overall purchase preference for branded products. The two tailed ANOVA test indicated that there exists a substantial difference in overall purchase preference for brands in three Generations. The Tukey HSD Post Hoc analysis revealed a substantial difference in overall purchase preference for brands for Generation Z v/s Generation Y and Generation X. Also there exists no difference between Gen Y and Gen X for overall purchase preference for branded products.

Table 1: Overall Purchase Preference

Generation	Majority Purchase is Branded (Responses)	Majority purchase is not branded (Responses)	Chi Sqr Test of Association	
Z	69	21	χ^2 (Chi Sqr)	14.441
Y	20	20	df	2
X	14	17	p-value	0.001
Total	103	58	Chi Sqr Critical	5.99
ANOVA	F value	DF	Significance	F Critical
	7.784	2 & 158	.001	3.05

Table 2 : Tukey HSD Post Hoc Analysis - Over All Purchase Preference for Branded Products

(D) Generation	(J) Generation	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Gen-Z	Gen-Y	-.267*	.088	.008	-.47	-.06
	Gen-X	-.315*	.096	.004	-.54	-.09
Gen-Y	Gen-Z	.267*	.088	.008	.06	.47
	Gen-X	-.048	.111	.900	-.31	.21
Gen-X	Gen-Z	.315*	.096	.004	.09	.54
	Gen-Y	.048	.111	.900	-.21	.31

Considering the counts, we could see that majority of respondents from Generation Z have shown preference for branded products in their overall purchases while same is not the case with the older generation of Gen X and Gen Y. Based on this analysis we can reject the null hypothesis [H_0 = There is no association between generations and brand preference for overall purchase] and accept the alternate hypothesis that Generations have substantial association with overall purchase preference for brands. Subsequently we find from Tukey HSD post hoc analysis that it is the Generation Z which differs from both the Generation Y and Generation X in Overall Purchase Preference for Branded products, but Gen Y and Gen X do not differ significantly in their overall purchase preference for branded products.

2: Variation in Purchase Preference for Different Product Categories of Gen Z, Gen Y, & Gen X

The study also tries to understand purchase preference of the Gen Z, Gen Y, and Gen X for different product categories like Grocery, Food items, Apparel, Electronics, Footwear, Personal Grooming Products, and Deo. The point is do the purchase preference for branded products for different product categories is independent of Generations or it varies with different Generations for different products. We first performed Chi Square test on all product categories to see if there is any association between Generation and Purchase Preference for branded products for different product categories. The initial Chi Square test indicates that for the product categories of Food Items, Apparel and Personal Grooming Products there exists a significant association of Generation and purchase preference for branded products

while there is not significant association of Generation and purchase preference for branded products for the product categories of Grocery, Electronic Products, Foot Wear, and Deo.

Table 3: Purchase Preference of Gen Z, Gen Y, Gen X for Different Product Categories – Chi Sqr Test

Product Category	Chi Sqr Value	Significance	DF	Chi Sqr Critical
Grocery	1.395	.498	2	5.99
Food Items	9.198	.010	2	5.99
Apparel	10.422	.005	2	5.99
Electronic Products	2.978	.226	2	5.99
Foot Wear	5.541	.063	2	5.99
Personal Grooming Products	11.232	.004	2	5.99
Deo	.214	.899	2	5.99

Further analysis by applying ANOVA and Tuckey HSD Post hoc has been done for Food Items, Apparel, and Personal Grooming Products where the Chi-square has indicated significant association exists for purchase preference and generations. These tests indicate that for Food Item product category significant difference exists between Generation Z and generation X while no significant difference is found between Generation Z and Generation Y. Further for the other two categories of Apparel and Personal Grooming products the significant difference is seen between Generation Z and Generation X and between Generation Y and Generation X for purchase preference for branded products while no significant difference is found between Generation Z and Generation Y in regards to purchase preference for branded products.

Table 4: Purchase Preference for Different Product Categories – Generational Difference

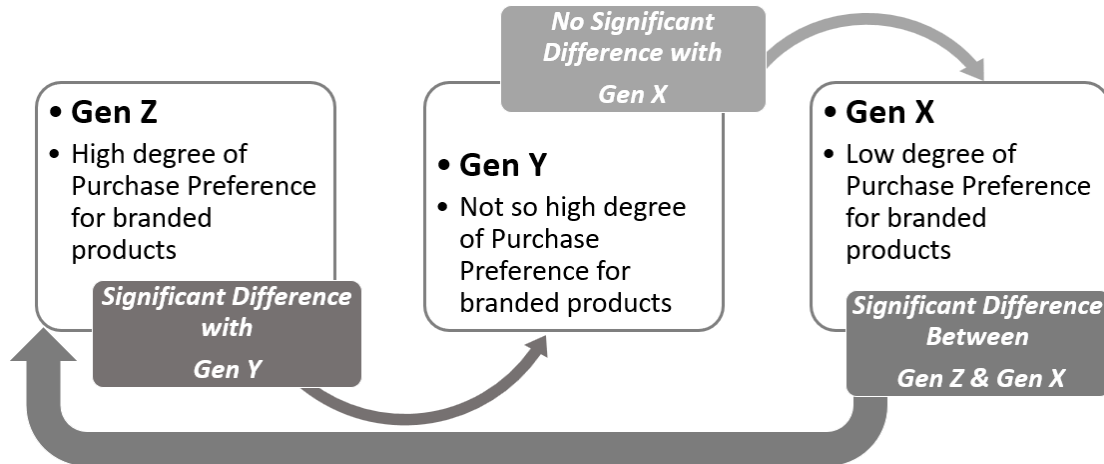
Product Category	F value	DF	Sig	F Critical	Multiple Comparison – Significant Difference between
Food Item	4.787	2 & 158	.01	3.05	Gen Z and Gen X
Apparel	5.468	2 & 158	.005	3.05	Gen Z and Gen X; Gen Y and Gen X
Personal Grooming	5.925	2 & 158	.003	3.05	Gen Z and Gen X; Gen Y and Gen X

Findings & Discussions

In this study, when we analyse the Overall Purchase Preference for Branded Products of the three generations Gen Z, Gen Y, and Gen X, it is found that the Gen Z behaves differently than the Gen Y and Gen X. This generation (Gen Z) have shown to prefer the branded products for its overall purchase while the other two generations (Gen Y and Gen X) are not showing any such preference for branded products in their overall purchases. The Generation Z, which is the latest generation, is in their prime young age and so they are in a position to influence major purchase decisions. Their preference for branded products has important insights for marketers, since to cater to this promising generation they need to work on creating strong and aspirational brands. The other two older generations Gen Y and Gen X are not very sensitive toward brands and may be accepting non branded products if these non-brands offer them some

values which may be price advantage, purchase convenience and easy availability while the Gen Z may be deriving values from the brand itself.

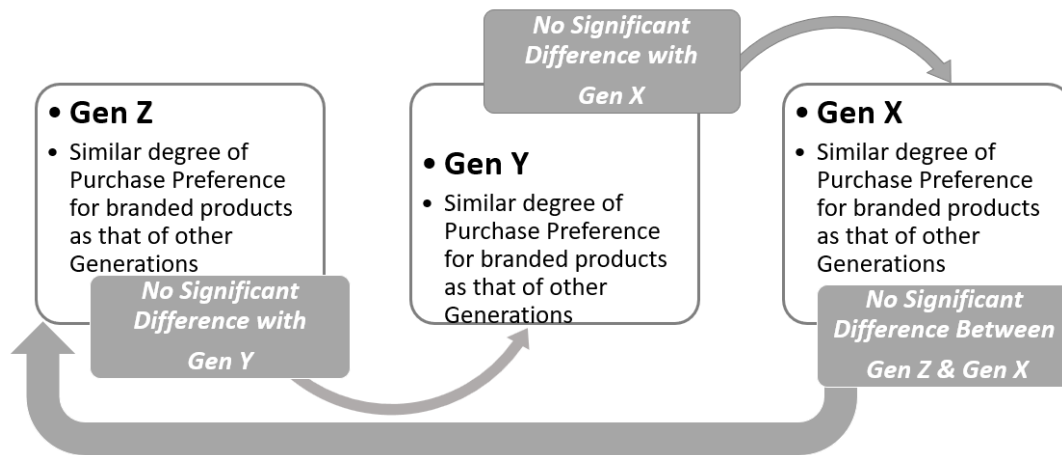
Figure 1: Generational overall Purchase Preference for Branded Products



Generations purchase preferences for different product categories offer some interesting findings as these generations show difference in their purchase preference for different product categories and the purchase preference for branded products varies with type of product categories. It was found that for Grocery, Electronic Products, Footwear and Deo no significant difference has been found in three generation under study i.e., Gen Z, Gen Y, and Gen X in their purchase preference for branded products. On the other hand, for the product categories of Food Items, Apparel, and Personal Grooming Products there are evidence of significant differences among these generations.

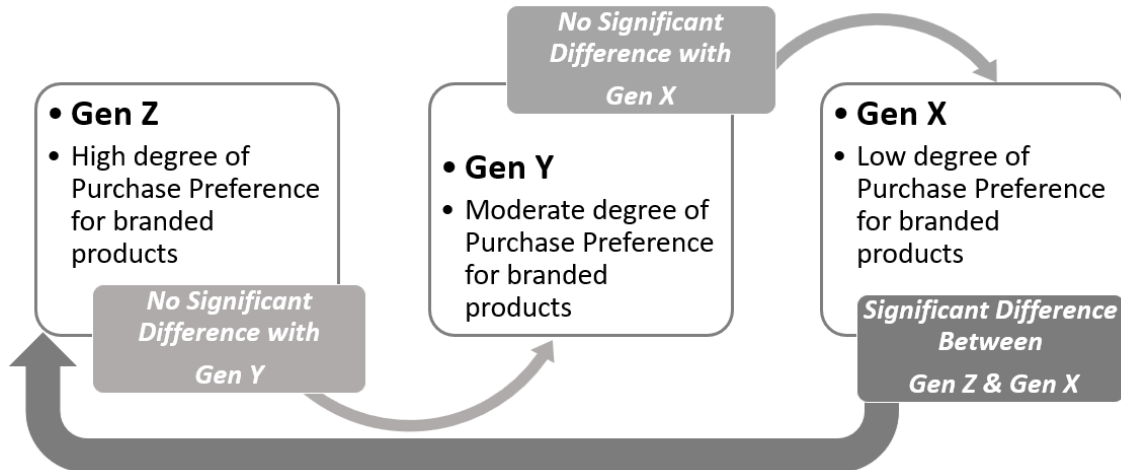
Considering the product categories where no difference is found, the Grocery is the category where local, traditional non branded products may be preferred, the reasoning of which may be attributed to habits, traditions, and reliability of localized products. The Electronic Product, Footwear, and Deo also showed no significant difference and that is probably due to all three generations showing similar degree of purchase preference for branded products for these categories. Electronic Product is one category where technology is considered important and it is obvious that all three generations, like older Gen X as well as newer generations Gen Z and Gen Y also prefer brands in their purchases. Similarly, for Footwear and Deo these generations may be showing similar degree of purchase preference for branded products.

Figure 2: Generational Purchase Preference for Branded Products – Grocery, Foot Wear, Deo



Now analysing the product categories where we could find significant differences among generations under study, we observe that for the product category of Food Items there is a significant difference between Gen Z and Gen X while no difference is found in Gen Z and Gen Y. This indicates that both the Gen Z and Gen Y, which are the younger and latest generations in regard to purchase practices, are preferring more of branded products of Food Items categories in comparison to that of Gen X.

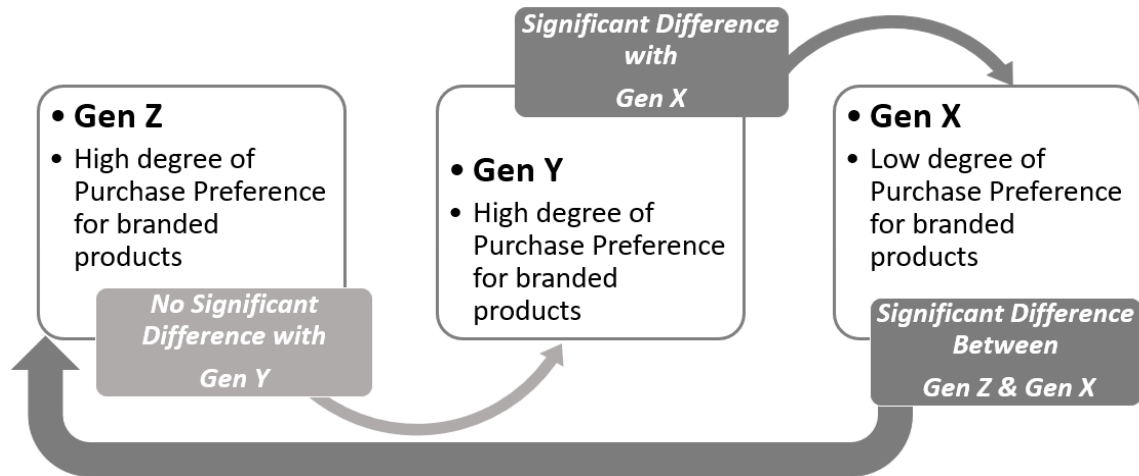
Figure 3: Generational Purchase Preference for Branded Products – Food Items



No difference is observed between Gen Z and Gen Y however there is a difference in degree between Gen Y and Gen X about the purchase preference for brands in the product category of Food Items. This might have happened as relatively more and more branded Food Items have been available over the period for later generation rather than for the older generations.

In the product categories of Apparel and Personal Grooming, a significant difference is observed for Purchase Preference for branded products between Gen Z and Gen X and also between Gen Y and Gen X, but no difference is found between Gen Z and Gen Y. This may be because both the latest generations Gen Z and Gen Y are more brand oriented than the older generation Gen X as far as Apparel and Personal Grooming Products are considered. Since both the product categories are fashion related and celebrity promoted, the relatively younger generations (Gen Z & Gen Y) are more brand oriented in their purchase preferences than the older generation of Gen X.

Figure 4: Purchase Preference for Branded Products – Apparel & Personal Grooming Products



Conclusion

The Generation Z seems to be relatively more brand oriented in their purchase preferences in comparison to Generation Y and Generation X but this varies with the kind of product category that is being considered. Generation Y is relatively more brand oriented than Generation X, but its brand orientation is less in degree in comparison to Generation Z.

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