Generation Z - The Global Market's New Consumers- And Their Consumption Habits: Generation Z Consumption Scale

Asst. Prof. PhD. Mustafa Özkan

Giresun University, Faculty of Economics and Administrative Sciences, Department of Business Administration

Research Assistant Betül Solmaz

Istanbul University, Faculty of Economics, Department of Labour Economics

Abstract

Along with globalization, the structure of markets has changed. In today's markets, it is necessary to analyse the consumers' profile in order to appeal to consumers or compete with other companies and survive against them. Today's changing consumer structure reveals the differentiation of consumption habits as well. The Generation Z, which is included in the young age profile of the consumer segment, represents the year 1995 and beyond. This generation is also known as the mobile generation. They are interested in more technology than their predecessors (Generation X and Y), and they are actualizing their social lives more and more through smart devices such as mobile phone, tablets. This situation has also changed the perception of time and space in consumption habits. The shopping mall culture that emerged with globalization is now taking its place to Internet shopping. Ads made via social media and shopping made by these ads are among the preferences of Generation Z. In this study, we focus on changing the general consumption habits and the role of the Generation Z's profile in these habits. For this purpose, questionnaires developed for our study were applied to 200 people who are members of the relevant Generation Z. And the data obtained from the field are evaluated by reliability and factor analysis. Findings are interpreted as the Generation Z Consumption Scale.

Keywords: Consumption Habits, Generation Z, Factor Analysis, Reliability Analysis, Generation Z Consumer Scale

1. Introduction

The Generation Z (or Gen Z), which is included in the young age profile of the consumer segment, represents the year 1996 and beyond. The Generation Z, which will be the most dynamic actors of the trade sector in five to ten years, can be defined as a mass that is not much affected by classical sales and marketing activities. For this reason, it is very important to know the definition and characteristics of these individuals for every segment, because the future will consist of this generation. The aim of this study is to understand the compatibility of the Generation Z with the characteristics of Generation Z in literature; and at the same time, to determine the factors that affect the shopping preferences of this generation over the Internet. It is inevitable that these individuals who are growing in an environment where the Internet is used extensively and realize their social experiences on the Internet, will play an active role in shaping the social and economic structure of the country where they live. This generation, constantly seeking rapid change and innovation, also stimulates the environment of commercial competition or it will stimulate.

When considering that there is an increasingly young population especially in Turkey, it is a necessity to consider while determining the market policies for enterprises and entrepreneurs. In this context, our work will contribute to the literature about the Generation Z which has a restricted examination rate in this area. In this study, we will focus on changing the general consumption habits and the role of the Generation Z's profile in these habits. For this purpose, questionnaires

developed for our study were applied to 200 people who are members of the relevant Generation Z. And the data obtained from the field are evaluated by reliability and factor analysis. Findings are interpreted as the Generation Z Consumption Scale. This scale, which is the result of the analysis, consists of 17 questions and 5 factors in total.

2. Generation Z: A Conceptual Framework

The word "generation" is of Greek origin and emerged from the "genos", and means "getting out of the best possible presence." The word refers not only to biological/conceptual birth, but also to continuous change over time in terms of origin. In other words, it describes the development of something new in the societies (Clarke, 2012: 41).

Kupperschmidt (2000: 66) describes the generation concept as "a group that shares the birth-years and birth-places and critical-social events at the same time."

While the classification is made for this concept, it is considered that there are groups of people who are born in the same time within the same age groups and share the same history and culture (Weingarten, 2009: 27). The start and end dates are not precise, but the generation periods generally cover 15-20 years (Stapley, 2010: 847).

Along with making different evaluations in the literature, the common view for the classifications of generations has been gathered on four generations: they can be classified as follows (De Cooman and Drics, 2012: 44);

- The Silent Generation (1925-1944)
- Baby Boom (1945-1964)
- Generation X (1965-1979)
- Generation Y (1980-1994)
- Generation Z (1995 -...)(academia.edu)

There is no consensus on the beginning of the Generation Z in the literature. Some researchers accept different beginning years for this generation. These are; 1990 and after, 1995 and after, 2000 and after. In our study, 1995 and after was accepted as the starting year.

Generation Z is also referred to by different names; there are "Generation V", "Generation C", "Generation Cox", "Internet Generation", "Homeland Generation", or "Google Generation"(sophanseng.info). Apart from these, Strauss and Howe (1999: 335) describe it as "The New Silent Generation."

The characteristic features of the Generation Z are different from the other generations. The globalization of the world and the rapid spread of the Internet in the world are very influential in their characteristic structure. For this generation that is growing with computers and technological breakthroughs, technology and Internet are indispensable. They are constantly living together with the Internet, social media and their applications such as mp3 players, text messages, mobile phones, PDAs, YouTube, IPADs, media technologies. This generation can also be called the “mobile generation” (Kapil and Roy, 2014: 10-11.)

In another definition, it is thought that the Generation Z, known as “selfie generation”, is less narcissistic than the preceding generation Y. They prefer to spend less because they witness global wars and economic recessions more often than others. According to previous generations, they are more optimistic about their health. They are aware that the world needs to be "better able to live". They prefer quick communication (www.cyfar.org).

We can say that they are more conscious than previous generations because they spend their time on the Internet and they shape their life according to this atmosphere. Their friendships are mostly on social media. Because their world is a digital environment, their characteristic features are shaped like a virtual environment.

Although these individuals are still too young to get involved in the business world by age, consumption habits and general consumption trends belong to their generations. They still live as economically dependent on their parents. Therefore, they

are more selective in spending money and more selective in choosing products they will buy. They are sensitive to the concept of brand, but they are not more loyal than the previous generations. Because they have many alternatives in products and service, they expect constant innovation from the products they use. Visuality and design are important to them, as they prefer products. General expectations are the preferred product for convenience in their lives. Generation Z consumers make a detailed research on the product before purchasing a product.(Wood, 2013: 3) They absolutely test that product and make purchases by choosing the seller who offers the best price (www.xyzuniversity.com). This study was carried out in order to reveal the general trends of Generation Z in shopping habits.

3. Factor Analysis

Factor Analysis was developed by the psychologist Charles Spearman in the early 1900s with a study of measuring human intelligence. It is a technique that seeks a causal relationship. For this, it is based on the principle of measuring the correlation between the set of observed variables with the help of linear combinations of unrecognized sub-factors (Timm, 2002: 496). In other words, it can be said that factor analysis is a statistical technique indicating, which, and to what degree, variables relate to an implicit and unmarked factor (Kim and Mauller, 1978: 56).

It is used to assign the number of distinct constructs assessed by a set of evaluations (Fabrifar and Wegener, 2012: 3). The widespread use of Factor Analysis comes after the 1970's when the use of computer technology accelerated in the world. (Öngen, 2010: 1).

Factor analysis can generally be grouped under two main categories. These are called explanatory factor (EFA) analysis and confirmatory factor analysis (CFA). EFA gives the information to the researcher about the direction of a possible relationship, since there is no anticipation between variables. On the other hand, CFA is used to test the accuracy of a predetermined relationship (Altunışık et.al, 2010: 262-264). EFA has been used to understand the possible underlying factors structure of a set of evaluated variables without imposing any biased structure on the outcomes (Suhr, 2005: 2). Explanatory Factor Analysis has some assumptions. These can be explained as follows:

- The data are at least equally spaced.
- Random sampling technique is used.
- There is a linear relationship between the observed variables.
- Variables have normal distribution.
- Observed variable pairs have bivariate normal distribution.
- The variables observed in the last place are multivariate normal distribution.
- The CFA has also some assumptions like as EFA. These can be listed as follows:
- Multivariable normality,
- An adequate sample size (n> 200),
- The correct a priori model specification,
- The data are based on random sample (*www.statisticssolutions.com)*.

Factor analysis has four basic stages. These are, firstly the calculation of the correlation matrix for all variables, then determining the factor numbers, and then the rotation of the factors (or factor conversion process), finally, calculation of factor scores and describing its names. In addition, three methods are used to evaluate the suitability of the data set: the creation of the correlation matrix, the Kaiser-Meyer-Olkin (KMO) and the Bartlett tests. (Akgül and Çevik, 2005: 419-428).

The general factor model (GFA) can explained that for p observed variables and q factors or implicit variables:

$$GFA_i = \alpha_{io} + \alpha_{i1} f_1 + \alpha_{i2} f_2 + \alpha_{i3} f_3 + \ldots + \alpha_{iq} f_q + e_i \qquad (i = 1,2,.3..,p) \qquad \textbf{(1)}$$

In the above form, e_i are residuals. f_1, f_2, f_3,... f_q refer to common factors or latent variables. α_{i1}, α_{i2}, α_{i3} and α_{iq} are named the factor loadings. α_{i0} is known that constant term and it has any role fitting and interpreting the analysis model (Bartholomew et al, 2002:180-181).

4. Material

The purpose of this study is to understand how members of Generation Z determine the product preference and consumer priorities in the purchasing process. We use the " A Survey of Generation Z Consumption Scale" questions developed by us to achieve this goal.

At the outset, a questionnaire consisting of 37 questions excluding demographic questions was sent to 200 randomly selected respondents. Subsequently, the obtained data were tested by factor analysis and reliability analysis. Thus, we developed a scale with 5 factors and a total of 17 questions.

According to the obtained data, the demographic evaluations of the individuals who are member of Generation Z are as shown in Table 1.

able 1: Demographic Information

Gender	Frequency	Valid %
Woman	110	55
Man	90	45
Total	200	100
Age		
18	4	2
19	30	15
20	55	27,5
21	54	27
22	39	19,5
23	18	9
Total	200	100
Monthly Personal Income		
0-400 TL	76	39,6
401-600 TL	52	27,1
601-800 TL	26	13,5
801-1000 TL	18	9,4
1001-1200 TL	12	6,3
More than 1200 TL	8	4,2
Total	192	100

When Table 1 is examined, the following information is obtained. 55% (110 people) are female and 45% (90 people) are male respondents of the survey. In addition, 2% (4 people) of participants are in the age of 18, 15% (39 people) were in the age of 19, 27,5% (55 people) are in the age of 20, 27% (54 people) are in the age of 21, 19,5% (39 people) are in the age of 22 and 9% (18 people) are over 23 years old. The monthly budgets for the individual monthly expenditures of the participants are classified as follows: 39,6% (77 people) of participants have a budget between 0-400 TL, 27,1% (52 people) have a budget between 401-600 TL, 13,5% (26 people) have a budget between 601-800 TL, 9,4% (18 people) have a budget between 801-1000 TL, 6,3% (12 people) have a budget between 1001-1200 TL, 4,2% (8 people) Person) have a budget more than 1200 TL.

5. Application

Since the study will be evaluated by factor analysis, it is firstly assessed whether the study structure is appropriate for factor analysis. For this purpose, the KMO test value was calculated and the result was 0,694. However, when the MSA values that show the value of conformity to the factor analysis of each item were examined, they were eliminated from the questionnaire because the items A-2, A-29, A- 31 and A- 32 in questionnaire were less than 0.50. It is customary to remove the factor weight from the analysis so that the questionnaire can become stronger. However, there is no consensus on which items with the necessary value to be taken from the questionnaire. In general, items with a score below 0.50 are excluded from the analysis. However, there are also researchers who say that this ratio is 0.70. In our study, we preferred the other variables below 0.55. As a result of the reconstituted factor analysis after removal of the relevant items from the analysis, the KMO test value increased to 0.724. According to the "KMO" test values, the variables used for the study are "good" for factor analysis (Durmuş et al., 2013: 80-87). As a general evaluation, if the test value found in the "KMO" test is below 0,50, it is assumed that the variables are not suitable for factor analysis. In addition; it is known about the "KMO" tests that 0,50 weak, 0,60 moderate, 0,70 good, 0,80 very good, 0,90 perfection (Sharma, 1996: 116).

Table 2: Total Variance Values Explained

Components	Initial Eigenvalues			Sum of Transformed Squared Weights		
	Total	Variance %	Cumulative %	Total	Variance %	Cumulative%
1	3,895	22,914	22,914	2,223	13,076	13,076
2	1,803	10,605	33,519	2,027	11,922	24,999
3	1,624	9,551	43,069	1,984	11,672	36,670
4	1,183	6,959	50,028	1,890	11,120	47,790
5	1,054	6,201	56,229	1,435	8,439	56,229
6	0,946	5,564	61,793			
7	0,901	5,302	67,094			
8	0,826	4,861	71,955			
9	0,767	4,510	76,465			
10	0,733	4,310	80,775			
11	0,682	4,011	84,785			
12	0,652	3,837	88,623			
13	0,534	3,143	91,765			
14	0,468	2,750	94,516			
15	0,355	2,087	96,602			
16	0,348	2,046	98,648			
17	0,230	1,352	100,000			

Table 2 provides information on the number of dimensions of the questionnaire used. This structure, consisting of 5 sub-dimensions, has the capacity to explain 56,229% of the total variance. When the factors are assessed one by one; the first factor has 13,076% of the total variance, the second factor 11.922%, the third factor 11,672%, the fourth factor 11,120% and the fifth factor 8,439%.

Table 3: Factor Loads Table

Variables	Factors				
	1	2	3	4	5
A16	,826	,047	,079	,210	-,177
A15	,810	-,008	,069	,192	-,095
A10	,589	,113	,208	-,114	,327
A8	,562	,001	-,013	,183	,334
A33	,042	,807	,055	,160	-,003
A34	,032	,766	,180	,147	-,171
A35	,018	,698	-,026	-,026	,163

A13	,031	,159	,764	,093	,163
A12	,046	-,009	,739	,240	,182
A17	,279	,138	,578	,306	-,149
A11	,041	-,009	,562	-,066	,076
A24	,232	,128	,150	,763	-,068
A28	,107	,033	,023	,702	,179
A26	,194	,220	,148	,556	,236
A1	,061	-,123	,191	,107	,617
A36	,078	,400	,027	,072	,590
A9	-,151	-,032	,174	,387	,459

Table 3 gives information on the factor loadings of the variables and the weights of the sub-factors. According to the above information; the factors and factors affecting the determination of the purchasing priorities of the individuals are regulated in Table 4.

Table 4: Factor Analysis Outputs

Old Factor Names	New Factor Names	Numbers of Questions in Factor	Substances in Factor
Factor 1	Internet Affect	4	A16, A15, A10, A8,
Factor 2	Product Description	4	A13, A12, A17, A11
Factor 3	External Factors	3	A24, A28, A26,
Factor 4	Deals	3	A33, A34, A35
Factor 5	Product Identity	3	A9, A36, A1

At the beginning, there were a total of 37 questions for our work. As a result of the factor analysis, the number of questions decreased to 17. You can see in Table 5 what are the questions of scale developed in our work.

Table 5: Factor Analysis Outputs

Factor Names		Questions
A16	Internet Affect	If I find the prices of the products at the internet websites cheaper than stores, I prefer purchasing on the internet.
A15		If a product in the store is cheaper on the internet website, I would prefer to buy it from the website.
A10		I do official branding of products from official websites.
A8		I rely on internet purchasing for brand products, which I know.
A33	Product Description	I will pay high fees if a product longevity.
A34		I will buy a high price for the comfort that the product gives us.
A35		I prefer personalized products to serial products.
A13		I think that the reliability of Internet stores can be determined from different blog sites and comments made about them.
A12	External Factors	While choosing to buy a product, I read comments about that product on the social media.
A17		I am impressed by the comparative evaluations on the product, made on internet websites.
A11		I would prefer not to pay more for brand-value products for the same benefit.
A24	Deals	Opportunities (points / money points) offered by Internet websites in stores will lead me to purchasing on that website.
A28		When I buy a product, I prefer to offer applications in the form of "where can I find the cheapest", and I prefer to shop by visiting these websites.
A26		If Internet websites have advantages for me (cinema, theater, bus, air plane tickets), that will affect my purchasing on those websites.

A1	Product Identity	When shopping, I buy environmentally sensitive products (nature friendly, recyclable, respectful of animal rights, etc.).
A36		I think it is a more practical way to enjoy a product on the internet websites and buy it from the store.
A9		In the preferred product when shopping, I evaluated according to the quality of the product brand.

Reliability analysis was performed for "*Generation Z Consumption Scale*" so that the output obtained could be used as a scale. As a result of the reliability analysis, the developed questionnaire could be regarded as valid. Cronbach's Alpha value was calculated as 0,793.

6. Conclusion

It is important to note that the preferences of life for the Generation Z are much different from the previous generations. The purchasing culture of this generation, which has spent a great majority of its days on the Internet, also sharply affects their priorities and expectations too. A questionnaire was developed to understand the Z people by us, and applied to the 200 people who are member of Generation Z. As a result, we identified 5 factors that determine the purchasing preferences of them. These factors have been named as Internet affect, product description, external factors, deals and product identity. The reliability analysis result was calculated as 0,793. This result shows that the questionnaire data is strongly reliable.

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