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Transfer of information in the purchasing processes of generation Z – usage of virtual vs. real channels and its marketing implications

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Abstract. The paper presents survey results regarding the usage of virtual vs real channels of communication by members of generation Z (those born after 1994). We compare the frequency of information acquisition and transfer at different stages of the purchasing process, as well as characterize the general use of the two types of channels.

Introduction

The goal of the article is to present sources and methods of collecting and sharing the information used by the members of generation Z in their decision-making processes. On this basis, we aim to compare the use of virtual and real channels in the various phases of these processes, as well as to shortly characterize the young people more heavily using these channels. The basis of the presented information are the results of a survey conducted in the school year 2013/2014 on a sample of 933 junior high school and secondary school students from the Silesia province.

The results show that there are differences as far as the use of virtual and real channels of information transfer by generation Z is concerned, however, they are

noticeable only when we consider particular stages of the process. If analyzed globally, the use of online and real channels throughout the whole process is much more similar. At the beginning of the buying process, the members of generation Z use mostly Internet sources. While making decision, they use both types of channels with comparable frequency, and when ending the process by sharing information about the purchased product, they are more eager to spread the word in real life than online.

Literature review

Generations are comprised of people who share a similar age and stage of life, have been shaped by similar conditions, technologies, and important events they have lived through. All these factors influence their opinions, habits, motivations at work, as well as their desire for certain products, and other preferences.

The generation born after 1994 (some mention 1990, cf. Pawłowska, 2016) until 2004 is referred to as Generation Z. It is the first truly 21st century generation, described also as global, social, visual, and technological (*Generation Z...*, 2016). They were born into the crisis period of terrorism, global recession, and climate change. But, at the same time, they are the most connected, educated, and sophisticated generation ever. They are true 'digital natives', comfortable with e-mail, texting, and computer applications, able to adopt advances in technology more quickly than others (McCrindle, 2016). This is also a highly consumerist generation. They are exposed to brands and advertising as no other generation before. On the one hand, they feel sensible enough to resist any influences and persuasion, but, on the other hand, they unconsciously follow promotions and fashion trends (Pawłowska 2016).

There is a huge interest in this generation as in the coming years its members will enter the labor market and start contributing to the economy and the society (Rusak, 2016; McCrindle, 2016). However, long before joining the workforce, they have entered the market as consumers. And in comparison to previous generations, it is obvious that the way their decisions are made is significantly different.

A typical decision-making process consists of five phases: recognition of need, search for information, evaluation of alternatives, purchase and post-purchase evaluation, and behaviors (Sowa, 2006). However, contemporary consumers are changing the way they research and buy products. They increasingly use information actively obtained from others (e.g. via word-of-mouth, WOM), from companies and media, both in real life and online. They can do it since the cost of acqui-

sition of information is still decreasing, while the number of accessible sources of information is constantly increasing (Sowa, 2013).¹

For consumers representing generation Z, it is obvious that they check many different sources and use diverse ways to obtain necessary data. They are also used to providing feedback about what they have purchased or experienced in the post-purchase phase. However, we still need to know more about the details of their purchasing processes, i.e. which channels of communication they actually use.

In Poland, generation Z includes almost 4.4 million people and represents over 11% of the society (as of June 30, 2015; GUS, 2016), which is a considerable number of consumers whose market habits and preferences are still being shaped and are not very well recognized. Learning more about them, including the ways in which they purchase products, is critical for all the marketers.

Research methodology

To characterize the sources and methods of collecting and sharing information used by the members of generation Z, we used a survey method and self-administered structured questionnaire. We collected the data in the school year 2013/2014 from the sample of 933 junior high school and secondary school students, learning in 14 different schools in the Silesia province. A convenience-based sampling procedure was used and the questionnaires were distributed in the classrooms during lessons. There were 522 (55.9%) girls and 411 (44.1%) boys in the sample. The majority (82%) of respondents were studying in schools located in large cities, and 18% in small towns. The structure of the sample in terms of the respondents' gender and education level is presented in Table 1.

In order to measure the popularity of youth consumer behaviors connected with information transfer, we developed a questionnaire following a comprehensive review of the relevant literature. The problems addressed here were measured directly by using two multiple-item scales, where respondents were asked to indicate the frequency of some specified informational behaviors representing particular stages of the purchasing process.

¹ These observations opened the way for the new concept of so called 'consumer's decision journey' which assumes, for example, that a buyer forms impressions of brands from certain 'touch points' such as advertisements, news reports, conversations with family and friends, and his own product experiences (Court, Elzinga, Mulder, Vetvik, 2009). Unfortunately, a very limited scope of this paper makes it impossible to present details of this concept. For more information see: Sowa, 2013.

Table 1

Sample characteristics

Class/school	Girl	Boy	Total
1st class of junior high school	12.1	16.1	13.8
3rd class of junior high school	12.6	22.4	16.9
1st class of high school	37.4	32.1	35.0
3rd class of high school	26.6	19.2	23.4
1st class of vocational school	5.4	5.4	5.4
3rd class of vocational school	5.9	4.9	5.5
Total	100.0	100.0	100.0

Source: own elaboration on the basis of survey results.

We considered four basic aspects of the information transfer and usage: gathering general information about the product prior to the purchase, collecting actual users' opinions, making a final decision on the basis of the collected information, and sharing opinions about the purchased product. Since our intention was to compare the use of real and virtual channels of information transfer by young consumers, there were corresponding (pairs of) questions for all the examined behaviors in both scales. In each pair, one question was referring to the activity performed with the use of Internet, and the other one to the activity undertaken in real life. Additionally, in the case of sharing opinions online, we separately analyzed sharing with friends (via instant messaging or social media) and sharing with general community of users (via forums or comparison or review sites).

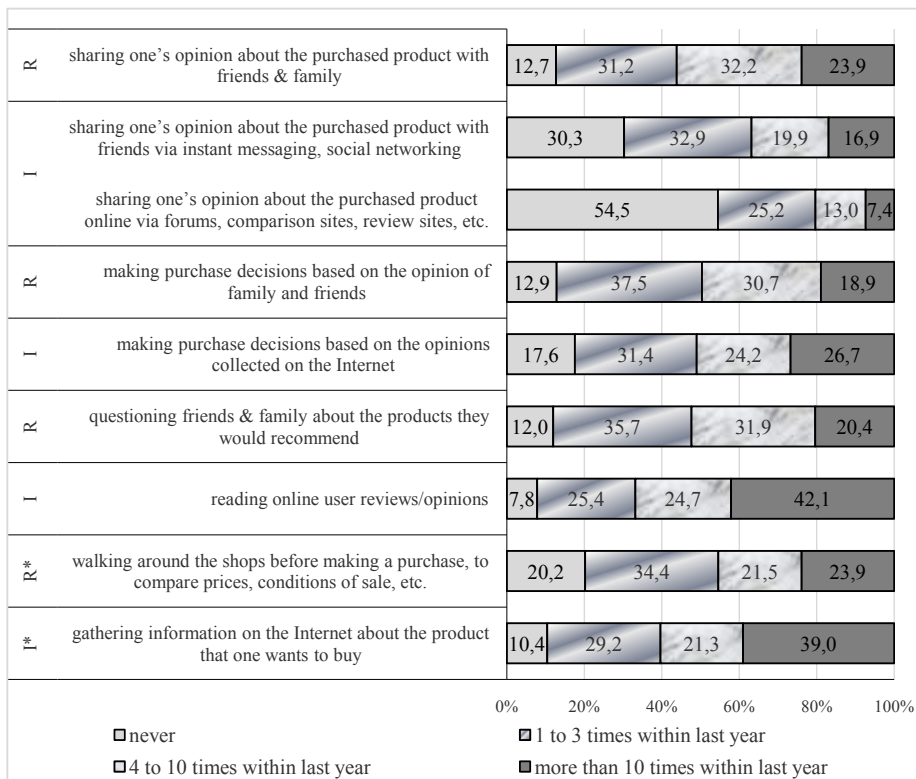
The frequency was measured on an ordinal scale as the number of times the behaviors were performed within the previous year. The response options included: *never*, *1–3 times*, *4–10 times*, and *more than 10 times within the previous year*. To analyze the data, we used descriptive statistics, contingency tables, as well as adequate non-parametrical tests and relationship coefficients.

Results

Generally, the collected data (Figure 1) allow for the observation which is rather obvious and consistent with the theory, i.e. that the intensity of information transfer is different at different stages of the buying process. Young consumers are the most active while collecting information at the beginning of their 'decision journey.' Among the analyzed behaviors, the most frequent ones relate to the search and alternative evaluation. On average, ca. 60% of the respondents used both types of channels at least 4 times within the previous year in order to move through these stages.

At the stage of making a purchase decision, the frequency of the use of information is lower, and spreading information in a post-purchase evaluation phase is even less frequent. However, regarding this phase, the actual intensity of information transfer depends on the channel that is used by the members of generation Z.

And so we come to the main conclusion resulting from the study: as we expected, there are important differences in the frequency of particular informational behaviors (information collecting and spreading) depending on whether the behavior is performed via Internet or in real life. The results of Wilcoxon Signed Ranks Test (Table 2) prove that in all the analyzed cases except one these differences are statistically significant.



*I – via Internet, R – in real life

Figure 1. Frequency of selected generation Z behaviors connected with information transfer during the purchasing process

Source: own elaboration on the basis of survey results.

Table 2

Wilcoxon Signed Rank Test Statistics

Tested pairs of variables:	Z	Asymp. Sig. (2-tailed)
walking around the shops before making a purchase, to compare prices, conditions of sale, etc. vs gathering information on the Internet about the product that one wants to buy	-9.543 ^a	.000
questioning friends and family about the products they would recommend vs reading online user reviews/opinions	-9.895 ^a	.000
making purchase decisions based on the opinion of family and friends vs based on the opinions collected on the Internet	-.794 ^a	.427
sharing one's opinion about the purchased product with friends and family in real life vs sharing via instant messaging, social networking	-9.946 ^b	.000
sharing one's opinion about the purchased product with friends and family in real life vs sharing via forums, comparison shopping websites, review sites, etc.	-17.482 ^b	.000
sharing one's opinion about the purchased product online via forums, comparison shopping and review sites vs sharing with friends via instant messaging, social networking	-13.642 ^a	.000

^aBased on positive rank. ^bBased on negative ranks

Source: own elaboration on the basis of survey results.

On the basis of the collected data, we may state that:

1. While searching for both general information about the product and actual users' opinions and recommendations helpful in evaluating the alternatives, the members of generation Z more frequently use virtual channels than real ones ($Z = -9.543$, $p < 0.001$ and $Z = -9.895$, $p < 0.001$ respectively). Around 2/5 of the respondents declared that they had collected information via web (39%), and read reviews and opinions of the users online (42.1%) more than 10 times within the previous year, and another 20% declared that they had done it 4 to 10 times. At the same time, only 24% of the respondents declared that they had actually walked around the shops 10 times or more within a year in order to compare the prices and conditions of sale, and 20% declared they had never done it. Also, questioning friends and relatives in real life about the products they would recommend is significantly less frequent than finding opinions online. Only 20.4% of the respondents did it 10 or more times within the previous year.

2. On the other hand, when it comes to sharing their opinions about the purchased products, generation Z seems to be much eager to do it in real life than to inform their friends online. There is a significant difference between the frequency of traditional (personal) and virtual WOM realized by the respondents ($Z = -9.946$, $p < 0.001$). The difference is even greater if we compare spreading opinions via face to face contacts with writing online reviews and comments via forums or comparison websites accessible for the whole community ($Z = -17.482$, $p < 0.001$). Within the previous year, as many as 56.1% of the respondents talked at least 4 times to their friends and family about the products they purchased, while only 36.8% shared their opinions via social media or instant messaging, and 20.3% via forums and review sites with the same frequency. At the same time, a considerable group of the respondents never shared their opinions online, neither via social media with their friends nor via review sites/forums with the general users' community (30.3% and 54.5% respectively). The difference between the frequency of the respondents' online activity via social networking and via forums and comparison sites also proved to be statistically significant ($Z = -13.642$, $p < 0.001$).
3. The only exception mentioned above referred to making purchase decisions based on the opinions collected from friends and online. It occurred that there is no statistically significant difference between the frequency of using these two types of information sources for making the purchase decision ($Z = -.794$, $p = .427$). However, a percentage of the respondents whose decisions were based on the opinions collected via virtual channels with the highest frequency (10 times or more within the previous year) is visibly higher than the respective share of the surveyed who made a decision on the basis of their friends' and family's opinions (26.7% and 18.9% respectively).

An additional goal of the analyses was to characterize young consumers preferring virtual channels over real ones and vice versa. For this purpose, we constructed an index of usage of both types of channels in the buying process.² For each respondent, we obtained one number ranging from 4 to 16,³ with a higher number showing a higher frequency of usage of the particular channel. On this basis, we distinguished 3 classes of respondents: light, medium, and heavy users⁴ of the channels.

² We recoded the frequencies indicated by the respondents using the following system of coding: *never*=1, *1 to 3 times*=2, *4 to 10 times*=3, *more than 10 times within the previous year*=4. Then we cumulated them to obtain one number reflecting the overall frequency of using a virtual/real channel.

³ To make the indexes comparable for both channels, we excluded one statement from the scale regarding virtual channels, i.e. the item ref. to sharing opinions via forums and comparison sites.

⁴ Light users obtained 4 to 8 pts, medium users 9 to 12 pts, heavy users 13 to 16 pts.

The results of the analysis show that, when estimating globally, the representatives of generation Z are indeed more eager to use online channels to collect and spread information. While the share of light users of virtual and real channels is rather similar (28.8% vs 31.4%), there are more heavy users of online channels than those who most frequently use real channels (33.9% vs 25.7%). Additionally, the mode and median for the real channels usage index are lower than for the virtual one ($Mo_r = 8$, $Md_r = 10$, and $Mo_v = 10$, $Md_v = 11$ respectively).

Despite the above notions, we can state that the difference between the real and virtual channels usage is not as large as we expected. However, what is more important, we discovered that there is a statistically significant relationship between the frequency of usage of both types of channels as measured by the constructed indices. The respondents who use one type of the channels more frequently, also use the other one more intensively ($r_s = .42$, $p < 0.001$). In fact, the groups of the respondents who definitely prefer one channel over the other (score high on one index and low on the other one) are very small (51 persons preferring virtual channels and 26 preferring real ones).

We also checked the demographics of the heavy users of both types of communication channels. It occurred that there are only several statistically significant relationships, e.g. there are more heavy real channels users among girls than among boys (28.3% vs 22.9%). On the other hand, boys seem to be slightly more eager than girls to use virtual channels (but this relation was not significant). The propensity to heavily use Internet during the buying process is rising with student's age, and, as a consequence, with their grade, as well as with the education level of a respondent's mother (not father though). Finally, for both channels, the share of heavy users was almost twice higher among the students living in urban areas than among those living in rural areas.

Marketing implications of the obtained results

The above results suggest that despite the constant connectedness of generation Z, real channels of information are still important for its members and one cannot ignore them while preparing a marketing strategy aimed at this group. Informal information (especially users' opinions obtained online) is frequently used during the purchasing processes of generation Z. Unfortunately, young people are more eager to use recommendations offered by others than to transfer their own ones. That is why word-of-mouth marketing should be used in order to motivate these consumers to spread the word, especially to spread it online, since virtual sources are the most sought for at the beginning of their purchasing process.

This also means that e-marketers should ensure that the information about their offer is easily found (SEM tools are crucial here) and properly presented online, even if the company does not sell online. Generation Z is a multi-modal one and therefore it demands the communication tools that engage multiple channels.

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Transfer informacji w procesach zakupowych pokolenia Z – wykorzystywane kanały i ich marketingowe implikacje

Słowa kluczowe: proces decyzyjny, transfer informacji, zachowania pokolenia Z

Streszczenie. W artykule przedstawiono wyniki badań ankietowych dotyczących wykorzystania wirtualnych i realnych kanałów komunikacji przez członków pokolenia Z (osoby urodzone po 1994 roku). Porównano tu częstotliwość wykorzystania i przekazywania

informacji na różnych etapach procesu zakupu, a także scharakteryzowano ogólną skłonność młodych konsumentów do wykorzystania obu typów kanałów.

Citation

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