

CHANGING CONSUMER BEHAVIOUR BETWEEN GENERATION X AND GENERATION Y ON E-TAILING (ONLINE SHOPPING) – AN EMPIRICAL STUDY

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Abstract

Each generation has unique expectations, experiences, generational history, lifestyles, values, and demographics that influence their buying behaviours. Accordingly, many companies are reaching out to multi-generational consumers and trying to understand and gain the attention of these diverse buyers.

The study examines the changing consumer behaviour between Gen Xers and Millennials and the factors influencing them. Multi-generational marketing is the practice of appealing to the unique needs and behaviours of individuals within more than one specific generational group, with a generation being a group of individuals born and living about the same time. Generation Y has been identified as one of the key user groups of digital technology, including the internet, and are therefore of interest to e-marketers. Millennials are redefining privacy expectations. When compared to Gen X, Millennials are more likely to trust brands to protect their privacy—and less likely to think that mobile targeting is an invasion of privacy.

There are interesting differences between millennial and Gen Xers that have yet to be fully explored. Nowhere is this clearer than in how they engage with technology, from the way they use the smart phones in their pockets to the data they give to brands. Millennials are far more engaged with the technology around them than their slightly older peers, almost to the point of dependency. Mobile devices, in particular, are essential to how Millennials shop and buy, drawing a clear line in the sand between the generations.

Keywords: *Buying Behaviour, Multigenerational Marketing, E-Marketers, Gen Xers, Gen Y.*

1. INTRODUCTION

1.1 About the topic

1.1.1 Consumer Behaviour

Understanding consumer behaviour in the marketplace has been a challenge for marketers throughout marketing literature. From careful dissection of the marketing environment to insight as to what motivates a consumer to make a purchase, studies have been performed in an attempt to comprehend the marketing process from both the buyer and seller perspectives. The continuously changing market environment presents challenges for marketers in terms of understanding the diverse market components and maintaining awareness of the ever-shifting consumer base.

1.1.2 Multi-Generational Marketing

Not every generation is alike, nor should they be treated by marketers in the same way. Multi-generational marketing is the practice of appealing to the unique needs and behaviours of individuals within more than one specific generational group, with a generation being a group of individuals born and living about the same time. When a marketer factors in the different characteristics and behaviours of the generations, it should be easier to build relationships, gain trust, and close business. In fact, creating ageless multi-generational brands is one of the top ten marketing trends over the next 25 years. As such, an understanding of multi-generational marketing is very important to the marketer.

2.1 Generation X (Xers) - (born between 1965 – 1980)

Generation X is generally used to refer to people born in the 60s and 70s. Generation X represents a more heterogeneous generation, embracing social diversity in terms of such characteristics as race, class, religion, ethnicity, culture, and language and gender identity.

According to authors Michael Hais and Morley Winograd, There's been a recent shift in consumer behaviour and Gen Xers will join the “idealist generation” in encouraging the celebration of individual effort and business risk-taking. As a result, Xers will spark a renaissance of entrepreneurship in economic life, even as overall confidence in economic institutions declines.

2.1.1 Gen X - Consumer Behaviour

According to Ellie Williams, (Demand Media), Gen X consumers won't buy a product until they've thoroughly researched it,

which often means conducting extensive Internet searches and scouring online review sites and social media networks. They're sceptical about marketing tactics and use their extensive research to avoid being a target. If they're unsure about a product, they won't buy, and they aren't swayed by flashy advertising. Instead, they prefer a clear explanation of a product's benefits. When marketing to Gen Xers, make your product or service highly visible online, using search engine optimization, keywords, and social media and review sites. Frame your marketing message in a way that illustrates exactly what consumers can expect from your brand and how buying it benefits them.

2.1.2 Generation Y (Millennials) - (born between 1981 – 2000)

Known as the technological whiz kids in the generation world, these guys were born in the early 80s through to the 90s. They are predicted to occupy almost half the working population by 2020.

Practically born with a mobile phone strapped to their ear and a laptop in their cradle, these guys are totally comfortable with digital technology. Excellent multi-taskers – they've had to juggle school, soccer training, dance class, computer games and other social interests, all whilst sending text messages – they are impatient and require instant gratification as they have always had all the information they need at their fingertips via the Internet.

Gen Y, they say, are the true online natives and have integrated technology into their everyday lives. They spend more time online than Gen X, watch more online video and text message more often. Technology forms a major part of their entertainment and socializing.

2.2 Statement of the Problem

The underlying determinants of how and why consumer preferences rapidly change has been a topic of study for many years when typologies of online shopping behaviour were developed (Bakewell & Mitchell, 2008). However, these studies have been successful in demonstrating that some shoppers display consistent shopping orientations that can be diametrically opposed. For example, the functional online shopper versus the recreational online shopper (Jin & Kim, 2009) does not explicitly address the question of how to measure consumer decision-making styles. Specifically, Generation Y buyers have been brought up in an era when shopping is not regarded as a simple act of purchasing (Bakewell & Mitchell, 2008). Generation Y consumers are likely to have developed a different shopping style compared to Gen X, which is extremely sensitive. (Ma & Niehm, 2006:621).

2.3 Need for the Study

If marketers are able to study the changing consumer behaviour and patterns of Generation Y today and adapt to the changed behaviours and patterns, they'll secure a lifelong customer in the future as they evolve into mature adults and parents. Also they will be able to take advantage of emerging markets as a result of these changes which will contribute significantly

The study would be of importance to the multigenerational marketers who are keen in exploiting the developing markets that are emerging as a result of Generation Y and Generation X consumer behaviours. It would help them in segmenting these markets, targeting and positioning their brands to appeal to the segment of Generation X & Y.

2.4 Review of Literature

According to Williams and Page (2010), the definitions of Generation Y include Millennials, Echo Boomers, Why Generation, Net Generation, Gen Wired, We Generation, Dot Net, Ne(x)t Generation, Nexters, First Globals, iPod Generation, and iYGeneration. They were born during 1977-1994. Their characteristics, lifestyles and attitudes are self-reliant, open minded, optimistic and strongly independent. They are looking for exploring the new paths or options which appear to challenge their life. They grew up during a rapid revolution of technology and computers that makes the world more homogenous thus taking full advantage of technology.

According to Cheung (2007), Generation Y are persons who were raised in a digitized - period. They desire fast connection, simultaneously high technological and instant devices and fast food. They are more conscious about brands and grew up in a more media-saturated.

Therefore, the sport celebrities, film stars or even the writers from niche magazines are used in advertising in order to attract this generation. The study revealed that the use of internet sites, movies and televisions is more effective than magazines and advertising in general.

2.5 Objectives of the Study

1. To analyse the factors that influence consumer buying behaviour of Gen X & Gen Y during online shopping.
2. To understand the changing customer preferences in online shopping
3. To identify the ways to improve multigenerational marketing.

3. METHODS

3.1. Research and Sampling Methods

In this study, a convenience sampling technique is adopted. The research methodology adopted is Descriptive research.

3.2. Sampling Size

Sample size for the study is 200. (Gen X – 100 samples and Gen Y – 100 samples). The study is limited within Chennai city. Questionnaire for collection of data from target respondents has been used. The study was conducted among the age group of 18 to 50 , who had previous online shopping experience in any retail segment (web store). time period of the study is limited from **July 2015 to August 2015.**

3.3 Statistical Tools Used

The primary data collected is analyzed by **chi-square test and correlation.** Zhao H1, Speed TP, Mc Peek MS.1995 Feb;139(2):1045-56 cites that the chi-square model (also known as the gamma model with integer shape parameter) for the occurrence of crossovers proposed as a description of interference that was mathematically tractable. It interprets the goodness-of-fit statistics appropriately when there are some recombination classes that have only a small number of observations.

4. RESULTS

Table 4.1 Demographic Factors

Gen X			Gen Y		
Gender	Frequency	Percent	Gender	Frequency	Percent
Male	76	76	Male	68	68
Female	24	24	Female	32	32
Age			Age		
36-39 yrs	36	36	18-22 yrs	34	34
40-43 yrs	34	34	23-26 yrs	21	21
44-47 yrs	22	22	27-30 yrs	38	38
48-50 yrs	8	8	31-35 yrs	7	7
Educational Qualification	Frequency	Percent	Educational Qualification	Frequency	Percent
HSC	10	10	HSC	10	10
Under Graduate	36	36	Under Graduate	43	43
Post Graduate	28	28	Post Graduate	23	23
Professional	26	26	Professional	24	24
Occupation			Occupation		
Business	36	36	Business	32	32
IT professional	28	28	IT professional	16	16
Other private employees	27	27	Other private employees	32	32
Govt employees	9	9	Govt Employees	7	7
			student	13	13
Annual Income (Rs)	Frequency	Percent	Annual Income (Rs)	Frequency	Percent
< 2 lakhs	21	21	< 2 lakhs	32	32
2-4 lakhs	40	40	2-4 lakhs	27	27
4-7 lakhs	27	27	4-7 lakhs	31	31
>7 lakhs	12	12	>7 lakhs	10	10

Table 4.2 - Frequency of online purchase

Frequency of online purchase	Gen X	Gen Y
Once in a week	2	12
Once in a month	24	36
Once in 3 months	28	34
Once in 6 months	34	15
Once in a year	12	3

Table 4.3 - Products preferred online

Products preferred online	Gen X	Gen Y
Mobile	24	25
Garments	5	34
Electronic equipments	12	6
Jewel Accessories	8	21
Watches	18	4
Fashion Accessories (Shoes, Belts, etc)	5	6
Books	28	4
Total	100	100

Table 4.4 - Factors influencing Consumer Behaviour

Factors in choosing online purchase	Gen X	Gen Y
Price/ Offer	35	25
Brand	17	38
Quality	12	6
Prompt delivery	15	20
Risk on Payment	18	3
Return policy	3	8
Total	100	100

Table 4.5 - Challenges faced in online purchasing

Challenges faced in online purchasing	Gen X	Gen Y
Delay in delivery	8	25
Poor internet skills	15	2
Riisk of online transactions	22	8
Difficulty in judging product quality	18	34
Complexity of purchasing process	10	8
Loss of privacy	17	6
Credibilty of vendors	10	17
Total	100	100

4.6 CORRELATION ANALYSIS - showing Brand preference between Gen X and Gen Y

		Brand (Gen Y)					Total
		Outstanding	Exceeded Expectations	Achieved Expectations	Average	Poor	
Brand (Gen X)	Outstanding	5	4	3	2	1	15
	Exceeded Expectations	1	4	2	1	0	8
	Achieved Expectations	10	11	11	2	5	39
	Average	7	8	1	6	1	23
	Poor	5	4	1	3	2	15
Total		28	31	18	14	9	100

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval	Pearson's R	.034	.102	.334	.739 ^c
Ordinal by Ordinal	Spearman Correlation	.004	.103	.036	.972 ^c
N of Valid Cases		100			

Karl Pearson coefficient of correlation = 0.034

Inference

It is inferred that relatively Gen X feels the Brand are less preferred whereas Gen Y prefers brand during online purchase and feels online satisfy their shopping expectations.

4.7 CHI SQUARE TEST

Null Hypothesis

There is no significant association between Educational qualification and risk on online payment.

Alternate Hypothesis

There is significant association between Educational qualification and risk on online payment.

Educational Qualification (Gen Y * Risk on online payment (Gen Y) Cross tabulation						
		Risk on online payment (Gen Y)				Total
		High risk	Moderate risk	Low risk	No risk	
Educational Qualification (Gen Y)	HSC	2	1	6	1	10
	Under Graduate	2	9	26	6	43
	Post Graduate	4	8	5	6	23
	Professional	1	9	8	6	24
Total		9	27	45	19	100

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.166 ^a	9	.064

Calculated chi square value = 16.166

Degree of freedom = 9

Level of Significance = .05

Tabulated chi square value = 16.919

Calculated chi square value < Tabulated chi square value

Hence Null hypothesis is accepted

Inference

It is inferred that educational qualification doesn't have any major impact over the online payment risks.

5. DISCUSSIONS

5.1 Findings of the Study

Gen Y respondents do online purchase more often than Gen X respondents. Mobile, Garments, Jewellery are the most preferred products for Gen Y users, meanwhile Book, Mobile and Electronic gadgets are preferred by Gen Y users. Gen X users are highly influenced by the price factor and also risk on payment. Gen Y users are influenced by Brand and price offers and discounts. Gen X users feel that the major challenge during online purchase is Loss of privacy and risk during online transactions. Gen Y users feel that credibility of vendor and difficulty in judging product quality are major challenges in online shopping

5.2 Suggestions

Gen X and Gen Y online users show varied consumer behaviour in brand preference, vendor credibility, product quality. Multigenerational marketing is indeed essential to cope up the changing consumer behaviour of customers. The major attributes to be considered are Price, Brand, Prompt delivery and product quality. Few other attributes which has been more diluted are risk on online transactions, return policies as new generation consumers trust online transactions are secured.

6 .CONCLUSION

The study reveals the changing trends in consumer behaviour prevailing among Gen X & Gen Y online shoppers. Gen X online users have adopted their behaviour to existing scenario created by the dominating Millennials. Even though Millennials determines the marketing style of the web stores, the potential online purchasers are Gen X as they have the highest purchasing power. The study provides better insight on the varying attributes between Gen X and Gen Y like more brands in a single store, difficulty in judging product quality and credibility of vendors. The study throws light for new entrepreneurs and existing web stores to adopt multigenerational marketing which minimises the risk of loss and gives a competitive advantage.

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