

DIFFERENCES IN GENERATION Y AND GENERATION Z: IMPLICATIONS FOR MARKETERS

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This study compares and contrasts some of the characteristics of Generation Y and Generation Z by implementing an identical survey for both generational cohorts. Information was gathered concerning each group, including basic demographics and Internet usage; independent t-tests were run for the following psychographic variables: Internet shopping satisfaction, social media usage, brand loyalty, and risk aversion. Results revealed that Internet shopping satisfaction and brand loyalty were significantly different. That is, members of Generation Y have greater overall satisfaction shopping with the Internet than members of Generation Z. Also, members of Generation Y have greater brand loyalty than members of Generation Z. There were no significant differences between groups regarding social media usage and risk aversion. Implications for marketers and limitations and suggestions for future research were discussed.

INTRODUCTION

Marketers of products and services must fine tune their segmentation strategies to the dynamic consumer needs of Generation Y and Generation Z, as members of Generation Y continue to develop their careers and their disposable income increases, and members of Generation Z are just beginning their careers and are starting to enjoy the benefits of significant increases in their discretionary income. Generational cohort theory is the conceptual framework of this study to compare and contrast Generation Y and Generation Z.

Purpose of the Study

The purpose of this study is to assess the differences between Generation Y and Generation Z in order to contribute to generational cohort theory and also to allow marketers to better address the needs and wants of Generations Y and Z. According to Wood (<https://iei.ncsu.edu>), Gen Z will most likely have consumer-related differences from Gen Y due to the age of these individuals during times of recession. More broadly, Gen Z behaves differently than earlier generations and, therefore, changes in consumer behavior may result (Priporas et al., 2017). Specifically, this study examined variables that could impact marketing decisions: Internet shopping

satisfaction, social media usage, brand loyalty, and risk aversion. The study is organized as follows: the literature review and hypotheses, methodology, analysis and results, theoretical and managerial implications, and limitations and suggestions for future research.

LITERATURE REVIEW

Generational Cohorts

The alternative to assuming that values, attitudes, beliefs, and inclinations are a result of age and maturity is generational cohort theory (Moss, 2010). Ryder (1965) defined the term, cohort, as “the aggregate of individuals (with some population definition) who experienced the same event within the same time interval” (p. 845). Generational cohort theory is a theory of social history that “describes and elaborates on differences and changes in generational and public attitudes over time” (van der Walt et al., 2016, p. 53), which is grounded in the life course perspective (Larson et al., 2016). A generational cohort consists of individuals who share the same values, external environment, and events (Petroulas et al., 2010) or life experiences (Bilgihan, 2016), which are thought to influence their attitudes and beliefs (Bilgihan, 2016), values, preferences, behavior and thinking (Ordun, 2015). Cohorts are not defined by birth year, but by events that impact their late adolescent and early adult years (Schewe et al., 2000). Events that are of particular significance often take place during

the generation's earlier, formative, years, rather than later (Moss, 2010), generally between the age range, 17-23 (Debevec et al., 2013). Significant events for Baby Boomers, for example, included the assassination of John F. Kennedy, the Vietnam War, the 1970s energy crisis, and the first individual to walk on the moon (Debevec et al., 2013). Members of a generational cohort may exhibit certain values and priorities that persist throughout their lives (Larson et al., 2016; Moss, 2010) and may share preferences, desires, attitudes, and buying behaviors. Baby Boomers saw a strong economy during their late adolescent and early adult years, so spending became a lifestyle (Debevec et al., 2013). Therefore, cohorts may vary in time periods and, additionally, may be a better segmentation variable than age or arbitrary age categories.

The theory has been used in the following management and marketing areas (Fisher & Crabtree, 2009): sports marketing (Bennett & Lachowetz, 2004), consumer preferences for retail formats (Carpenter & Moore, 2005), values toward the workplace (Hewlett et al., 2009), maintaining a productive workforce (Martin, 2005), and managing contrasting generations (Hill, 2002; Mujtabe & Thomas, 2005; Swearingen & Liberman, 2004). The versatility of the theory is shown by its use in other non-business areas. Generational cohort theory has been applied in the social sciences to research people's attitudes and values (Davis, 2004), political activity (Soule, 2001), and political partisanship (Greenberg, 2003). Furthermore, the theory has also been used in education to assess Generation Y's entry into higher education (Haynie et al., 2006), information-seeking behavior (Weiler, 2004), student learning styles and attitudes (Oblinger, 2003), and student use of library services (Gardner & Eng, 2005). The current generational cohorts in the United States consist of Matures or Traditionalists, Baby Boomers, Generation X, Generation Y, and Generation Z (van der Walt et al., 2016). The focus of the study is on the latter two of these generational cohorts, Gen Y and Gen Z.

Generation Y and Generation Z

The term, Generation Y, was first coined in 1993 by *Advertising Age* as the last generation

to be born entirely in the twentieth century (Reed, 2007). Generation Y is also known as Echo Boomers, the Millennium Generation, Millennials or Millennials, Generation We, Connect 24/7, Leave No One Behind (Wiedmer, 2015), Generation Next (Durkin, 2008), Internet Generation (Wiedmer, 2015) or Net Generation (Tyler, 2008), and Generation Why? (Reed, 2007). They are the first generation connected by the Internet, particularly social media (Ordun, 2015). Therefore, members of Gen Y are very sociable and techno savvy, engaged in e-commerce and m-commerce (Bilgihan, 2016). Additionally, they are probably more educated than prior generational cohorts (Larson et al., 2016) and are more ethnically diverse than previous cohorts (*US Census Bureau*, 2015). They are "open minded, social, innovative, energetic, ambitious, confident, motivated, and smart" (Ordun, 2015, p. 20). They prefer spending on travel and other experiences versus material goods (Bilgihan, 2016). There are about 60 million consumers in this group (Montana & Petit, 2008).

In addition to identification of the demographics of Generation Y, research has been conducted into the psychographics (lifestyle analysis) of Generation Y consumers. Valentine and Powers (2013) used the Values and Lifestyles (VALS) scale to identify the psychographic profile of this important segment. Furthermore, Noble et al. (2008) found that issues related to socialization, uncertainty reduction, reactance, self-discrepancy, and feelings of accomplishment and connectedness drive Millennials' product purchases and retail patronage. Moreover, Martin and Turley (2004) found that Gen Y consumers are more likely to be objectively motivated than socially motivated when purchasing. Specifically, they found that consumer perception of a shopping mall's ambience, layout, and involvement in the shopping process can be predicted by these objective motivations.

In contrast, Generation Z is known as the Technology Generation (Berkup, 2014), since its members were born in the decade after the widespread emergence of the World Wide Web (Wood, <https://iei.ncsu.edu>). They are also referred to as Generation I or iGeneration

(Wiedmer, 2015), Gen Tech, Digital Natives, Gen Wii, the N (Net) Generation or Net Gen (Postolov et al., 2017), Gen Next, Post Gen, and Plurals (Wiedmer, 2015). They are highly educated, techno-savvy, innovative (Wood, <https://iei.ncsu.edu>) and creative (Priporas et al., 2017). Gen Z is “the most application-friendly and website-savvy generation engaging with the Internet for most of its daily activities” (Ayuni, 2019, p. 169) and are interested in new technologies, prefer simplicity, want to be safe, want to escape reality, have high expectations, and care about experience (Tunsakul, 2020). It is predicted that Generation Z will be the largest generational cohort by 2034, at 78 million (“Millennials, Gen Z,” 2019).

Although there is much consensus on the birth years for Matures (prior to 1946) and Baby Boomers (1946-64), there are variations for the birth years of Generation X, Generation Y, and Generation Z. There is currently little consensus in terms of when Generation Y ends and Generation Z begins. And much of the literature does not provide citations for the dates that were used to define these generational cohorts. Therefore, the long-standing, reputable research organization, the Pew Research Center, was chosen as the source for defining Gen Y and Gen Z by birth years. For purposes of this study, Generation Y is defined as those born during the years 1981-1996 and Generation Z is defined as those born during the years 1997-2012 (Dimock, 2019).

The Internet

Issa and Isaias (2016) concluded that the Internet is becoming a part of the daily routines and practices of Gen Y and Gen Z. Although Gen Y grew up in a digital world, is technically literate, and has mastered the technology (Pelet & Lecat, 2014), there is much agreement that Generation Z is by far more Internet-savvy with more digital literacy than the previous generational cohort (“Millennials, Gen Z,” 2019; Nagy, 2017), one study stating that, “technology is their DNA” (Postolov et al., 2017, p. 111). Generation Z is more technologically dependent and up-to-date (Postolov et al., 2017). Furthermore, Gen Z is the first true cohort with mobile natives in an environment of smartphones, tablets, and the

Internet (McAlpine, 2013). These consumers expect constant innovation of faster, more efficient, technological products and care more about the online shopping experience (Bilgihan, 2016; Priporas et al., 2017). Since they have a significant online presence, online shopping is an obvious choice for Gen Z (Dabija & Lung, 2019; Hidvegi & Kelemen-Erdos, 2016). Based on this discussion, the following hypothesis is proposed:

H₁: Members of Generation Z have greater overall satisfaction shopping with the Internet than members of Generation Y.

Social Media

Social media is described as platforms, such as content sharing sites, blogs, social networking, and wikis, that allow for creating, modifying, sharing, and discussing Internet content (Kietzmann et al., 2011). There are many examples, each with their own focus, including Facebook, Twitter, Instagram, LinkedIn and Pinterest. Consumers can access social media via websites on their computers or their smartphones. Pelet and Lecat (2014) note that successful firms develop the technical expertise and a sound strategy to create an effective social media/m-commerce website, in which m-commerce is one- or two-way exchange of value facilitated by a mobile consumer electronic device, for example, a mobile handset or smartphone (Pelet & Lecat, 2014). Furthermore, interactions on social media can affect younger consumers’ identity formation, service expectations, and involvement with brands and firms (Chahal & Rani, 2017). Customers go online because of the practical nature of the content or the entertainment value associated with it. Moreover, brand exposure on social media influences consumer preference and/or the purchase decision.

Palfrey and Gasser (2008) note that when Gen Y uses social media, its members value others’ opinions and feel important when they provide feedback regarding brands or products they use. However, Generation Z is more comfortable than Generation Y with technology and uses social media websites for a great deal of socializing (Huh et al., 2018; Kitchen & Proctor, 2015), i.e., they are socially connected to their peers via social media (Wiedmer,

2015). Based on the previous discussion, the following hypothesis is proposed:

H₂: Members of Generation Z have greater social media usage than members of Generation Y.

Brand Loyalty

It seems as if both Gen Y and Gen Z are not very brand loyal, albeit on varying levels. Nagy (2017) states that members of Generation Y tend to be less brand loyal than previous generations and resistant toward marketing and advertising. Bilgihan (2016) states that marketers need to work to increase the loyalty of this disloyal group of consumers. However, Nicholas (2009) notes that Baby Boomer parents have influenced members of Generation Y to be brand loyal, associating brands with companies that stand behind their products and give them peer recognition. Additionally, Kietzmann et al. (2011) note that Gen Y has the potential of forming long-term loyalty with products that satisfy their needs. In contrast, Wood (<https://iei.ncsu.edu>) notes that members of Generation Z are brand-sensitive, but not very brand loyal. More definitively, Priporas et al. (2017) state that Gen Z has no brand loyalty. Kusek (2016) observed that cultural shifts in the United States have caused the demise of brand loyalty. Major changes in marriage, religion, politics, and corporate America have shaped a theme that change is good and it should not be feared or avoided, i.e., “new” is better than “known” (Kusek, 2016, p. 3). Based on the previous discussion, the following hypothesis is proposed:

H₃: Members of Generation Y have greater brand loyalty than members of Generation Z.

Risk Aversion

Many members of Generation Y have been described as materialistic, brand-oriented, and risk-takers, and more prone to impulse buying than other generational cohorts (Aruna & Santhi, 2015). In stark contrast, Moskowitz (2019) states that Millennials are the “most risk averse generation since The Great Depression” (p. 1) and that a study by the Brookings Institution revealed that 52 percent of Millennials have a majority of their money in cash compared to an average of 23 percent for

other generations. Gen Y has experienced “tech bubbles, housing bubbles, stock market crashes, Wall Street scandals, and the Great Recession” (Larson et al., 2016, p. 73), in addition to levels of high unemployment and declining salaries. Since they were sheltered and protected, yet pressured to succeed by their parents, they struggle with “independent thinking, decision making, and risk taking” from a fear of making mistakes and a need for structure and little ambiguity (Larson et al., 2016, p. 75). Traditionally, young investors take risk for compounding reasons and because losses can be recouped over time, characteristics not found in Gen Y. Millennials are financially risk averse and thus are conservative investors, who more often keep their savings in cash versus stocks (Larson et al., 2016). Furthermore, Millennials are risk averse due to their continual state of safety and security, if viewed from the perspective of Maslow’s Hierarchy of Needs model (Harrington, 2015).

Similarly, Generation Z has grown up with the mindset that risk is unacceptable. Gen Z witnessed the recession in 2008, including the loss of nine million jobs and eight million homes due to foreclosure. They would rather save than spend, making them practical, risk averse, and frugal (Lynch, 2017). Members of Gen Z are more cautious and risk averse than their parents (Iqbal, 2018); they are building wealth and preparing for their financial future earlier than Gen Y (Hoffower, 2019). The risk aversion extends to student loan debt, since members of Gen Z are attempting to avoid the massive student loan debt that Gen Y accumulated (“Move Over, Millennials,” 2018). Therefore, risk taking is a feared situation that could lead to failure, danger, disappointment, and harm (McQueen, 2015). Based on this discussion, the following hypothesis is proposed:

H₄: There are no significant differences in risk aversion between members of Generation Y and members of Generation Z.

METHODOLOGY

Respondents

The study sample was a regional sample from the southeastern United States. The respondents consisted of people who had been recently contacted by upper level undergraduate marketing students from a medium-sized university who were trained in data collection procedures. This approach, a variation of the convenience sampling method, has been successfully used in previous research (e.g., Jones & Reynolds, 2006). This convenience sample was deemed appropriate because the purpose of the study was not to provide point estimates of the variables but to test the relationships among them (Calder et al., 1981). The questionnaire began with demographic questions and then continued with several multiple-item scales to measure the psychographic variables.

To ensure accurate responses, the respondents were promised complete confidentiality. A pretest was conducted of 10 respondents that were representative of the sample. There were no major changes as a result of the pretest. For the main sample, there were 101 usable respondents in the Generation Y sample and 62 usable respondents in the Generation Z sample for a total sample size of 163. Although modest, the sample sizes are sufficient for basic analyses, since it is noted that a sample size of “at least 20 can be expected to provide very good results even if the populations are not normal” (Anderson et al., 2009, p. 390). Similarly, Hair et al. (2010) note that the t-test is a special case of analysis of variance (ANOVA) for two groups. Their recommended minimum cell (group) size for ANOVA and the t-test is 20 observations. Furthermore, it was concluded by De Winter (2013, p. 1) that “there are no principal objections to using a t-test with Ns as small as 2.”

The Generation Y sample for the study consisted of 45 percent male (52 percent female). Percentages do not total 100 due to missing data. Approximately 28 percent of the sample had an income in the \$0-10,000 range and 67 percent of the sample was single. The majority of the sample (58 percent) consisted of [white] Caucasians. Over half of the sample

(53 percent) had at least earned an undergraduate degree and 51 percent of the sample were students, of which about 26 percent of the sample was working for a company or a business.

The Generation Z sample for the study consisted of 35 percent male (64 percent female). Approximately 58 percent of the sample had an income in the \$0-10,000 range and 89 percent of the sample was single. The majority of the sample consisted of African-American (47 percent) and [white] Caucasians (43 percent) races. Over half of the sample (73 percent) had at least completed a high school degree and 85 percent of the sample were students, of which only 11 percent of the sample was working for a company or a business.

There were some similarities between Generation Y and Generation Z regarding their Internet characteristics. Generation Y accessed the Internet more using a computer (50 percent), whereas Generation Z mainly accessed the Internet via their mobile phone (46 percent for Generation Y and 58 percent for Generation Z), used the Internet 20 hours or more per week (40 percent for Generation Y and 39 percent for Generation Z), accessed the Internet daily (96 percent for Generation Y and 95 percent for Generation Z), and purchased using the Internet once a month (35 percent for both Generation Y and Generation Z). Complete information on the sample description is in Table 1.

Measures

All scales are well-established and have been used in previous research. Satisfaction with Internet shopping was assessed using a four-item scale used by Rose et al. (2012), which is a modification of a scale developed by Khalifa and Liu (2007). Rose et al. (2012) provided evidence in support of the scale’s convergent and discriminant validities. The social media usage scale was created by Rapp et al. (2013). Three of the ten statements that were context specific, i.e., focused on a brand or store, were removed, with the remaining seven statements broadly covering social media usage. Loyalty to the brand was measured using the four-item scale developed and used by Lichtenstein et al.

TABLE 1:
Descriptive Information of Sample*

Items		Gen Y percent (n)	Gen Z percent (n)
Gender	Male	45 (46)	35 (22)
	Female	52 (53)	64 (40)
Income	0-10k	28 (28)	58 (36)
	10,001-30k	20 (20)	21 (13)
	30,001-50k	23 (23)	14 (9)
	50,001-70k	12 (12)	2 (1)
	Above 70k	16 (16)	3 (2)
Marital Status	Married	18 (18)	-0-
	Single	67 (68)	89 (55)
	Living with another	13 (13)	8 (5)
	Divorced	2 (2)	3 (2)
Race	White (Caucasian)	58 (59)	43 (27)
	African American	23 (23)	47 (29)
	Hispanic American	11 (11)	8 (5)
	Asian American	5 (5)	2 (1)
	Other	3 (3)	-0-
Educ Completed	GED	6 (6)	-0-
	High School	21 (21)	73 (45)
	Undergraduate	53 (54)	16 (10)
	Graduate	17 (17)	2 (1)
	Professional Degree	-0-	2 (1)
	Other	3 (3)	8 (5)
Occupation	Student	51 (52)	85 (53)
	Homemaker/Not Employed	4 (4)	-0-
	Self-Employed	4 (4)	-0-
	Educator	1 (1)	2 (1)
	Professional	12 (12)	-0-
	Work for Company/Business	26 (26)	11 (7)
	Other	2 (2)	2 (1)

*Those totals falling short of 100 percent or the total sample size are due to missing data and/or rounding.

TABLE 1:
Descriptive Information of Sample (continued)

Items	Gen Y percent (n)	Gen Z percent (n)
INTERNET CHARACTERISTICS		
Primary Access		
My own computer	50 (51)	35 (22)
My Web TV	-0-	2 (1)
By mobile phone	46 (47)	58 (36)
A computer at the library/community center	-0-	2 (1)
At work/school	2 (2)	3 (2)
Use in Average Wk		
20 hours or more	40 (40)	39 (24)
10-19 hours	34 (34)	23 (14)
5-9 hours	20 (20)	27 (17)
Less than 5 hours	6 (6)	11 (7)
Frequency of Access		
Daily	96 (97)	95 (59)
Weekly	1 (1)	3 (2)
Monthly	1 (1)	2 (1)
Less than once a month	1 (1)	-0-
Internet Use		
To stay in touch with friends/relatives	87 (88)	89 (55)
Stay current with news and events	81 (82)	84 (52)
Access the chat rooms	16 (16)	29 (18)
Access discussions/newsgroups	25 (25)	32 (20)
Shopping/gathering product information	80 (81)	82 (51)
Entertainment	91 (92)	95 (59)
Access health/medical information	49 (50)	50 (31)
Check stocks and information	24 (24)	18 (11)
Perform stock transactions	9 (9)	13 (8)
Research specific topics (other than health)	65 (66)	56 (35)
Other(s)	11 (11)	6 (4)
I do not use Internet at all	1 (1)	-0-
Purchase Frequency		
Never	3 (3)	5 (3)
Once-Twice a year	19 (19)	24 (15)
Once a month	35 (35)	35 (22)
A few times a month	31 (31)	31 (19)
Once a week	8 (8)	5 (3)
More than once a week	4 (4)	-0-

(1990) and Raju (1980). The risk aversion scale was measured by a modified four-item scale used by Donthu and Gilliland (1996). All items were measured on a seven-point Likert scale from “1 = strongly disagree” to “7 = strongly agree,” in which the rating, 4, was for respondents who felt neutral.

Reliability coefficients were computed for each of the scales. Coefficient alphas were reported for the Generation Y group and the Generation Z group, as well as the total sample. All alpha values were above the 0.70 value recommended

by Nunnally (1978). Table 2 presents the items used in the current research.

An exploratory factor analysis was run to identify whether the scale items build the expected constructs. The suitability of the scale items for the factor analysis is determined by Kaiser-Meyer-Olkin (KMO) Test and Bartlett’s Test of Sphericity. The KMO Test checks the sample adequacy to conduct the factor analysis. A high value of KMO is expected and a value below 0.5 is not acceptable. The KMO value of the analysis is 0.816, as seen in Table 3.

**TABLE 2:
Reliability Coefficients**

<u>Scale/Statements</u>	<u>Coefficient Alpha</u>		
	<u>Gen Y</u>	<u>Gen Z</u>	<u>Combined</u>
<u>Internet Shopping Satisfaction</u> (Rose et al., 2012) I am satisfied with my overall experiences of Internet shopping. I am satisfied with the pre-purchase experience of Internet shopping websites, for example, consumer education, product search, quality of information about products, and product comparison. I am satisfied with the purchase experience of Internet shopping websites, for example, ordering, and payment procedure. I am satisfied with the post-purchase experience of Internet shopping websites, for example, customer support and after-sales support, handling of returns/refunds, and delivery care.	0.92	0.90	0.91
<u>Social Media</u> (Rapp et al., 2013) I use social media to follow sales and promotions. I use social media to monitor events. People use social media to reach me. I use social media to improve my relationship with different brands. I use social media to communicate with retailers. I use social media to improve my relationship with retailers. My relationship with my retail stores is enhanced by social media.	0.90	0.89	0.90
<u>Brand Loyalty</u> (Lichtenstein et al., 1990) I generally buy the same brands that I have always bought. Once I get used to a brand I hate to switch. If I like a brand, I rarely switch from it just to try something different. Even though certain products/services are available in a different number of brands, I always tend to buy the same brand.	0.89	0.91	0.90
<u>Risk Aversion</u> (Donthu & Gilliland, 1996) I would rather be safe than sorry. I want to be sure before I purchase anything. I avoid risky things. I don’t like to take chances.	0.82	0.71	0.77

Barlett’s Test checks scale items correlation. A high correlation among variables implies that the variables are suitable for structure detection. A significance level < 0.05 indicates that the factor analysis is useful within the data. The significance value of the analysis is 0.000, as seen in Table 3. The rotated component matrix,

as reported in Table 3, is useful to form constructs based on the factor loadings of the variables. Loadings close to 1 indicate that the component (factor) strongly influences the variable and the highest loadings under a component constitute a construct. According to the results of the factor analysis, there are four

**TABLE 3:
Factor Analysis**

Kaier-Meyer-Olkin Measure of Sampling Adequacy	0.816
Barlett’s Test of Sphericity	
Approximate Chi-Square	1959.698
df	171
Significance	0.000

Rotated Component Matrix

	Component				
	1	2	3	4	5
Sat1	.083	.903	.087	-.052	.026
Sat2	.143	.850	.134	.001	.018
Sat3	.096	.913	.050	-.014	-.008
Sat4	.071	.858	.100	.004	.055
SM1	.730	.212	.106	.093	.229
SM2	.532	.200	.239	-.137	.514
SM3	.485	.033	-.007	-.093	.694
SM4	.853	.013	.150	-.065	.118
SM5	.858	.099	.000	.168	.043
SM6	.917	.062	.123	.018	-.032
SM7	.886	.077	.103	-.071	-.067
BL1	.142	.187	.702	.157	.199
BL2	.133	.070	.891	.139	.035
BL3	.079	.051	.900	.087	.023
BL4	.102	.099	.906	.064	.011
Risk1	-.038	.051	.067	.476	.685
Risk2	-.120	-.093	.177	.492	.558
Risk3	.009	-.038	.173	.887	.122
Risk4	.091	-.001	.130	.872	.014

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.^a
 a. Rotation converged in 6 iterations.

constructs as follows: Internet shopping satisfaction, social media usage, brand loyalty and risk aversion. The risk aversion scale is problematic, since the first two items load the highest on component five and the second two items load highest on component four. Additionally, there is a cross-loading for the social media scale for the third item.

ANALYSIS AND RESULTS

Independent-samples t-tests were used to test the hypotheses; the results are summarized in Table 4. The t-test is one of the most commonly used tests to demonstrate whether the means of two groups are statistically significantly different from one another (Zhang, 2009). The results were significant for the first hypothesis, however, in the opposite direction that was hypothesized: members of Generation Y have greater Internet shopping satisfaction than members of Generation Z ($p < 0.10$). The second hypothesis was not supported: There are no significant differences between members of Generation Y and Generation Z regarding their social media usage. There was support for the third hypothesis that members of Generation Y have greater brand loyalty than members of Generation Z ($p < 0.10$). Finally, the fourth hypothesis, that there are no significant differences in the risk aversion of Gen Y and Gen Z, was supported.

THEORETICAL AND MANAGERIAL IMPLICATIONS

The research has yielded some interesting results. In comparison to Gen Y, Gen Z consumers have less Internet shopping satisfaction and less brand loyalty. Internet shopping satisfaction may increase over time as the cohort becomes more experienced with

online purchasing. However, brand loyalty has been in decline for the past several generations and this decline will probably continue as illustrated in the results of this study. In contrast, there were no significant differences in social media usage and risk aversion between the two groups.

Theoretical Implications

This study has contributed to generational cohort theory. First, it provides an early examination of demographics and psychographics of Generation Z, which has only relatively recently been identified, and will be continued to be defined as the group matures. Second, the study compared Generation Z with the prior generational cohort, Generation Y, regarding the same demographic and psychographic variables. Third, the study has shown that, while the two cohorts vary in some respects, they are also similar in other respects, e.g., risk aversion.

More specifically, the results revealed that Gen Y is more satisfied with Internet shopping than Gen Z and that there were no significant differences between Gen Y and Gen Z regarding social media usage. Gioia-Herman (2009) stated that Generation Y is the most educated and technologically-savvy generation. The level of comfort, and also satisfaction, will most likely continue with members of this cohort as they become more experienced using the Internet. Regarding social media usage, this study found that both cohorts use social media equally. This finding may be an indication that social media usage has reached a saturation or maturity level with consumers, since there was no increase in use among members of Generation Z.

TABLE 4:
Differences Between Generation Y and Generation Z

Variable	Gen Y Mean (SD)	Gen Z Mean (SD)	t-value	Sig
Internet Shopping Satisfaction	5.42 (1.28)	5.02 (1.35)	1.87	0.06*
Social Media	3.42 (1.48)	3.68 (1.46)	-1.07	0.28
Brand Loyalty	4.82 (1.49)	4.37 (1.77)	1.76	0.08*
Risk Aversion	5.38 (1.13)	5.21 (1.17)	0.92	0.36

* $p < 0.10$

In addition to the significant finding of Internet shopping satisfaction being greater for Gen Y than Gen Z, brand loyalty was significantly greater among members of Gen Y than Gen Z. This finding concurs with much of the literature cited that a continued erosion of brand loyalty is taking place among US consumers. Furthermore, since the study found that members of Generation Y and Generation Z are not different in terms of risk aversion, levels of risk taking will be fairly consistent across the two cohorts.

Managerial Implications

The results also have interesting implications for the marketing practitioner. First, the results support that the Generation Z marketer would be prudent in directing similar promotion messages toward Gen Z via the Internet and social media compared to Gen Y, with the anticipation of Gen Z consumers' Internet shopping satisfaction increasing as their experience with Internet shopping increases. Second, since there were no significant differences between Gen Y and Gen Z regarding social media usage, marketers can be as confident using social media to target Gen Z consumers as they have been using social media to target Gen Y consumers.

Third, younger generations are stereotypically less brand loyal, as the results revealed. Marketers to Generation Z should expect more brand switching behavior than the previous cohort. And finally, if members of Generation Y are as risk averse as members of Generation Z, then services marketers may be successful in marketing to Gen Z products and services in a similar manner in terms of risk, e.g., the marketing of financial products.

The marketer of products and services should know his or her target markets well, especially if salient characteristics of upcoming consumers in the latest generational cohort are different. Marketers should attempt to make them realize that the product and services that they offer are relevant. By investing in the business in the long term, marketers may bond with existing customers and attract new ones. Conversely, not actively pursuing a core target audience will result in the loss of that audience to a competitor.

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

There are some limitations to this study that future research can address. The sample size is a limitation. Additionally, the respondent was asked to choose between two choices for age: one range of years for Generation Y (1981-1996) and one range of years for Generation Z (1997-2012). It was not possible to determine if the actual ages were evenly spread over each of the range of years or if they were clustered toward the Gen Y/Gen Z boundary, which could have potentially biased the results. A more direct approach by asking age directly on the questionnaire may have proved more successful in assuring a dispersion of age across each cohort. Although a marketing research rule-of-thumb is to avoid asking the exact age of the respondent, who is often sensitive to providing that information, requesting a birth year versus an age may be a more approachable solution to the age question.

Moreover, it is important to note that cross-sectional studies show how consumers feel at a particular point in time, including studies of generational cohorts. Future research could consider revisiting these two cohorts as their demographics, as well as attitudes, interests, and opinions, may change over time. This is especially true for members of Gen Z, many of whom are still going through the maturation process and are about to enter the marketplace. Additionally, future research needs to determine if these results can be replicated with a national random sample versus a regional convenience sample. Moreover, additional variables could be examined in future research. Given the growth and financial power of the Internet, as well as the Generation Y and Generation Z markets, this topic is vital for marketers to continue to study and, hopefully, this paper encourages additional research and discussion. In conclusion, this study contributes to the literature by showing the relationship between Generation Y and Generation Z concerning several variables that have implications for generational cohort theory and the marketer of products and services.

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