

Generation Z Purchasing Behavior Profile in the Digital Economy: Normative Analysis in Online Markets

*Generation Z
Purchasing Behavior
in the Digital
Economy*

Muhammad Zhulal

*Department of Sharia Economics, Faculty of Sharia Economics and Business, Tazkia
Islamic Institute; Bogor, Indonesia
E-Mail: 2010103065.zhulal@gmail.com*

1355

Shofi Arofatul Marits

*Department of Sharia Economics, Faculty of Sharia Economics and Business, Tazkia
Islamic Institute; Bogor, Indonesia
E-Mail: shofi@tazkia.ac.id*

**Submitted:
2 NOVEMBER 2023**

Sebastian Herman

*Department of Sharia Economics, Faculty of Sharia Economics and Business, Tazkia
Islamic Institute; Bogor, Indonesia
E-Mail: sebastianherman@tazkia.ac.id*

**Accepted:
15 DESEMBER 2023**

ABSTRACT

This research aims to detail Generation Z's purchasing behavior in the online market. This research provides an in-depth view for e-commerce companies and marketers to develop more effective strategies in attracting and retaining Generation Z. This research method is normative descriptive research. The type of research used is exploratory research. Data collection techniques involve literature reviews from various journal sources and related literature. The data analyzed is secondary data and the data analysis method involves normative analysis to identify the differences between "das sollen" (should) and "das sein" (actual conditions) in the purchasing behavior of Generation Z in the digital economy. This research reveals that Generation Z has a high affinity for using smartphones when shopping online, indicating a dependence on mobile technology in the digital economy era. Generation Z is more active in shopping online compared to previous generations, indicating the important role of digital platforms in shopping behavior patterns. Continuous recommendations from this research emphasize the importance of continuous adaptation to technological changes and the dynamics of Generation Z consumer behavior. Businesses are expected to combine innovative marketing strategies with responsive shopping experiences to attract and retain Generation Z as loyal consumers.

Keywords: *Generation Z, Online Purchasing, Security, Motivation, Online Marketplace*

ABSTRAK

Penelitian ini bertujuan untuk merinci perilaku pembelian Generasi Z dalam pasar online. Penelitian ini memberikan pandangan mendalam bagi perusahaan e-commerce dan pemasar untuk mengembangkan strategi yang lebih efektif dalam menarik dan mempertahankan Generasi Z. Metode penelitian ini merupakan penelitian deskriptif normative. Jenis penelitian yang digunakan adalah penelitian eksploratif. Teknik pengumpulan data melibatkan tinjauan literatur dari berbagai sumber jurnal dan literatur terkait. Data yang dianalisis adalah data sekunder dan metode analisis data melibatkan analisis normatif untuk mengidentifikasi perbedaan antara "das sollen" (harusnya) dan "das sein" (kondisi yang sebenarnya) dalam perilaku pembelian Generasi Z dalam ekonomi digital. Penelitian ini mengungkapkan bahwa Generasi Z memiliki afinitas tinggi

JIMKES

*Jurnal Ilmiah Manajemen
Kesatuan
Vol. 12 No. 1, 2024
pp. 1355-1362
IBI Kesatuan
ISSN 2337 – 7860
E-ISSN 2721 – 169X*

terhadap penggunaan *smartphone* saat berbelanja online, menunjukkan ketergantungan pada teknologi mobile dalam era ekonomi digital. Generasi Z lebih aktif berbelanja online dibandingkan dengan generasi sebelumnya, menandakan peran penting platform digital dalam pola perilaku belanja. Rekomendasi berkelanjutan dari penelitian ini menekankan pentingnya adaptasi terus menerus terhadap perubahan teknologi dan dinamika perilaku konsumen Generasi Z. Bisnis diharapkan dapat menggabungkan strategi pemasaran inovatif dengan pengalaman berbelanja yang responsif untuk menarik dan mempertahankan Generasi Z sebagai konsumen loyal.

Kata kunci: Generasi Z, Pembelian Online, Keamanan, Motivasi, Pasar Online

INTRODUCTION

Generation Z, also known as Gen Z, is the generation group born between the mid-1990s and the mid-2010s. The first generation to grow up in a highly digitally connected environment. Generation Z's purchasing behavior tends to be different from previous generations (Parment, 2013). Previous research has identified several behavioral characteristics of Generation Z. They tend to be more familiar with the use of mobile devices and smartphones, and they use social media platforms actively. Generation Z is also more likely to search for product reviews online and trust recommendations from fellow consumers (Dabija et al., 2018). Price and product quality are important factors influencing Generation Z's purchasing decisions. They seek added value and instant experiences, which can influence their preferences for certain brands and products.

Generation Z is also known for their desire for involvement and influence in the purchasing process (Munsch, 2021; Das et al., 2022). They like brands that understand their values and engage in two-way interactions via social media. In the digital economy, a deep understanding of Generation Z behavior is essential. Generation Z are future consumers who have a big influence on the development of online business (Herman, 2023). Therefore, research on the purchasing behavior profile of Generation Z is an interesting and relevant topic in the study of the digital economy. The purpose of this research is to identify and explain the purchasing behavior profile of Generation Z in the digital economy using a normative analysis approach. This research purpose to fill the gap in understanding of Generation Z's changing purchasing behavior, providing an in-depth look at how factors such as payment preferences, mobile device use, social media influence, price, and product quality influence their online purchasing decisions.

Therefore, this research purpose to explore Generation Z's purchasing behavior in the digital economy with the aim of providing a deeper and more comprehensive understanding (Adinda, 2022). Generation Z, who grew up with technological advances, has a unique tendency to make online purchases. By understanding the dynamics and factors that influence their purchasing decisions, this research seeks to uncover the potential for more effective marketing strategies in the online environment (Varadarajan & Yadav, 2009; Nuseir, 2016). In-depth analysis of the preferences, motivations and behavioral patterns of Generation Z consumers in the digital era is expected to provide valuable insights for marketers, help them optimize marketing campaigns and keep up with emerging trends in reaching this demographic group more efficiently.

The existing research gap lies in a deep understanding of the normative aspects that influence Generation Z purchasing behavior in the digital economy. Although many studies have compared different generations in terms of purchasing preferences, no research has specifically analyzed the purchasing behavior profile of Generation Z with a normative approach. *Das sollen* (should) is an understanding of how Generation Z purchasing behavior occurs in the context of the digital economy. However, *das sein* (real conditions) is a reflection of Generation Z's actual purchasing behavior in practice. This gap between *das sollen* and *das sein* is the main basis for this research. This research introduces a normative analysis approach that has not been widely used in research on Generation Z purchasing behavior in the digital economy. By analyzing normatively, this

research tries to answer the question of how Generation Z purchasing behavior occurs based on normative standards and comparisons with actual conditions.

LITERATURE REVIEW

In the increasingly rapidly developing digital era, consumer purchasing behavior, especially Generation Z, has experienced significant changes (Angela & Paramita, 2020; Putra et al., 2020). Generation Z, who grew up in a digital environment that is always connected, has different preferences and habits in shopping online compared to previous generations (Isnawati, 2022). The development of information and communication technology has opened up new opportunities in the digital economy, providing access to various e-commerce platforms, social media and other online services. According to Djafarova & Bowes (2021), 41% of Generation Z customers are impulse buyers, followed by 34% of Millennials, and 32% of Generation X. The development of the digital economy has changed the landscape of consumer behavior significantly, especially with the emergence of Generation Z as one of the largest consumers in the world. Generation Z, which has grown up along with the development of digital technology, has shown unique and different purchasing behavior from previous generations (Isnawati, 2022). They are known as digital consumers who actively shop online and spend a lot of time online (Vander Schee et al., 2020).

Generational cohort theory is an important starting point in Generation Z research (Hamzah et al., 2021; Chen et al., 2021). The main focus of consumers is the group of individuals born between 1995 and 2010. Generation Z grew up in the era of technology and social media, so the influence of their growth and development is crucial in understanding purchasing behavior in the digital economy (Yousaf et al., 2021; Mari et al., 2023). Consumer behavior theory plays an important role in this analysis, especially in understanding how Generation Z allocates their income to maximize satisfaction. The concept of attitudes towards objects is key in understanding their choices regarding products, brands, advertising, prices and media of use. The consistency of consumers' attitudes is an essential indicator, reflecting their responses and feelings (Ajzen, 2018; Lee et al., 2022). In addition, the Stimulus-Organism-Response (S-O-R) approach offers important insights in analyzing Generation Z consumer behavior in the context of the digital economy.

Digital economy theory provides a strong foundation for this research, with a special focus on Generation Z consumer behavior in the digital economy era, this theory outlines how the evolution of digital technology influences shopping behavior and product purchases by Generation Z (Usman & Possumah, 2017). Finally, Marketing strategy theory becomes relevant in the context of online shopping. In this research, the focus is on how organizations can design efficient marketing strategies to meet and attract the attention of Generation Z in the context of the digital economy. Aspects such as social media marketing, tailored advertising, and the use of public figures as product endorsers are important elements in the analysis (Rahmadhi & Hendrasto, 2021).

METHODS

This research employs a normative descriptive research method with data diversity sourced from a comprehensive study of various journals and related literature. The study adopts an exploratory approach that not only explores but also elaborates and details every aspect of the Generation Z consumer profile. The descriptive approach forming the basis of this methodology seeks not only to create a comprehensive picture but also to detail the complex dynamics underlying Generation Z purchasing behavior in the digital era. The data collection process involves a thorough and comprehensive review of various journal sources and related literature. The analyzed data is derived from previous studies, presenting a historical dimension that enriches contemporary understanding. The applied normative analysis method provides room to identify differences between expectations and reality in Generation Z purchasing behavior, thereby adding an additional layer to the interpretation of findings. The research also designs a conceptual framework that can

provide strategic guidance for the development of effective marketing strategies in the online ecosystem.

RESULTS

Generation Z, as a consumer group that grew up with modern technology, shows a clear preference for using smartphones when carrying out online shopping activities (Popa et al., 2019). This heavy reliance on mobile technology reflects a shift in consumer behavior towards the convenience and accessibility offered by smart devices. These findings have significant implications in the development of marketing and user experience strategies for retailers (McLean, 2018). Retailers need to understand the importance of designing apps and websites that are responsive to a wide range of mobile devices, in order to meet and exceed the preferences of the digitally connected Generation Z consumer. This research provides a strong foundation for companies to adapt their marketing strategies by prioritizing mobile-based user experiences. By understanding that Generation Z prefers to shop via smartphone, retailers can optimize the user interface, simplify the purchasing process and increase the responsiveness of their online platforms. Improved mobile shopping experiences can strengthen consumer engagement, increase customer retention, and ultimately, support business growth in an increasingly dynamic online shopping ecosystem. Thus, adapting to Generation Z's online shopping preferences is a strategic step for companies to maintain and expand their customer base in the digital era (Rashid & Ratten, 2020).

A comparison of online shopping frequency between Generation Z and Millennials shows a significant shift in consumer behavior (Derbani, 2022). Although both generations still have a tendency to shop physically in stores, Generation Z appears to be more active and involved in online shopping compared to their predecessors, especially millennials. These findings provide a valuable perspective for companies in designing marketing strategies that are more specific and in line with consumer needs. The implications of device preferences and shopping experience are a key focus for companies. The identified differences in device preferences between Generation Z and millennials highlight the need to design e-commerce interfaces and applications that are responsive and appropriate to the preferences of each generation. Retailers need to recognize that different approaches may be needed to meet the expectations of consumers from each demographic group. Generation Z places a high priority on user experience confirming the importance of focusing on this aspect in the development of e-commerce platforms.

The role of social media in Generation Z's decision making stands out as a key element in shaping their shopping behavior indicating that Generation Z tends to spend significant time on social media platforms (El-Menawy & Saleh, 2023). Creating strategic opportunities for companies to take advantage of their presence in the digital world (Menz et al., 2021). A marketing strategy focused on social media platforms and visual content could prove successful, given the huge appeal of social media to this generation. A deep understanding of these preferences provides a foundation for businesses to design more effective marketing campaigns, by optimizing their visibility on social media and creating relevant and engaging content. Companies can build stronger engagement with Generation Z, build sustainable brand relationships, and increase conversion opportunities in a competitive digital environment.

Follow-up recommendations include the development of innovative mobile applications considering this generation's preference for the use of mobile devices (Chiu et al., 2027). Personalizing the shopping experience is key in attracting and retaining Generation Z consumers, and increasing their online shopping frequency can have a positive impact in shaping preferences and purchasing decisions (Elrayah & Jamil, 2023). This follow-up helps companies to adapt to market dynamics and build marketing concepts that suit the unique characteristics of Generation Z. In line with the analysis and findings, limitations of this research involve the limited time frame of data collection until 2021. Along with the rapid changes in online consumer behavior, this research may not cover current trends. Further research is needed to dig deeper into specific aspects of

Generation Z online shopping that may not have been fully uncovered in the current literature.

DISCUSSION

The analysis of Generation Z purchasing behavior in the digital economy, gap analysis reflects the obvious gap between what should happen *das sollen* (should) and what actually happens *das sein* (actual conditions). *Das sollen* involves expectations and norms that should describe Generation Z's ideal buying behavior in the digital era, perhaps including high levels of engagement, specific device preferences, and personalized shopping experiences (Lina & Ahluwalia, 2021). *Das sein* describes the reality of actual behaviour reflected in empirical data, which may not always be in line with those expectations. This gap provides critical insights for companies and marketers in crafting more targeted strategies, considering that the difference between expectations and reality can form the basis for better tactical adjustments to meet the true expectations and needs of Generation Z consumers in the digital economy (Grigoreva et al., 2021). Generation Z's use of *das sollen* mobile technology creates a responsive and optimized user interface for an efficient shopping experience.

With the heavy reliance on mobile technology, it is hoped that online platforms can provide a seamless experience and meet the needs of the generation. However, *das sein* shows that although Generation Z shows a clear preference for mobile technology, it is possible that existing user interfaces do not fully meet their expectations or needs. The existence of this indication is a matter of concern because the gap between ideal expectations and the reality of digital shopping experiences can affect customer retention and the success of marketing strategies (Kang & Kim, 2017; Hanaysha, 2018). *Das Sollen's* online shopping frequency emphasizes that Generation Z should shop online more often than previous generations, such as millennials. Even though there has been an increase in the frequency of online shopping, this figure does not necessarily reach its full potential or meet initial expectations. Factors such as a less than satisfactory shopping experience or uncertainty regarding online security may be the cause of this mismatch between expectations and reality. Therefore, adjustments to marketing strategies and customer experience may be necessary to stimulate the growth of Generation Z's online shopping frequency and maximize the potential of their digital shopping preferences.

Generation Z's device preferences, *das sollen* emphasized the need to provide a shopping experience that is optimized according to the characteristics of the devices they choose. Generation Z has unique device preferences and it is expected that the online shopping experience will be well-tailored to meet their expectations. Despite efforts to adapt to these device preferences, *das sein* indicates that there are some aspects of the shopping experience that may not fully meet this generation's standards or expectations. This could include elements such as website navigation, mobile app responsiveness, or content personalization that may need more attention to ensure a satisfying shopping experience for Generation Z. The influence of social media in purchasing decisions *das sollen* underscores that social media should be the primary platform influencing decisions Generation Z purchases. Although Generation Z is known to be active on social media, *das sein* indicates that marketing strategies may not be fully optimal or have not fully utilized the full potential of these platforms to influence their purchasing decisions (Siringo-Ringo & Sumaizar, 2020). With Generation Z spending so much time on social media, there is huge untapped potential to build brand engagement and influence their purchasing preferences. Therefore, adapting marketing strategies more effectively and creatively on social media platforms is important to maximize their impact and fulfill *das sollen* which highlights the key role of social media in Generation Z's purchasing decisions.

CONCLUSION

This research provides in-depth insight into Generation Z purchasing behavior in the digital economy era, especially in the context of normative analysis in online markets.

Through analysis of various journals, we can identify several relevant key findings. Generation Z, with the dominant trend, shows a high affinity towards the use of smartphones when shopping online, indicating a deep transformation towards dependence on mobile technology, findings confirm that Generation Z shops online more often than previous generations. This shows how digital platforms have penetrated and become essential in their shopping behavior patterns. An important aspect that emerged was how crucial a positive and memorable shopping experience is for Generation Z. This is reflected in their preference for the use of mobile devices and active interaction on social media during the purchasing process. To respond to these findings, it is important for companies and retailers to adopt appropriate marketing strategies. A mobile-friendly user interface and an active presence on social media platforms are essential. They must keep themselves updated with technology trends and constantly innovate to ensure Generation Z's shopping experience remains satisfying and relevant. Thus, as an ongoing recommendation, continuous adaptation to technological changes and the dynamics of Generation Z consumer behavior must be the main focus. Businesses that are able to combine innovative marketing strategies with a responsive shopping experience will have a competitive advantage in attracting and retaining Generation Z as their loyal consumers.

REFERENCES

- [1] Adinda, M. (2022). Analysis of the Factors that Influence Gen-Z in Using the Indonesian Standard Quick Response Code (QRIS) as a Digital Payment Technology. *Contemporary Studies in Economics, Finance and Banking*, 1(1).
- [2] Ajzen, I. (2018). *Consumer attitudes and behavior*. In *Handbook of consumer psychology*. London: Routledge.
- [3] Angela, V., & Paramita, E. L. (2020). Pengaruh Lifestyle Dan Kualitas Produk Terhadap Keputusan Impulse Buying Konsumen Shopee Generasi Z. *Jurnal Ekobis: Ekonomi Bisnis & Manajemen*, 10(2), 248-262.
- [4] Chen, S., Han, X., Bilgihan, A., & Okumus, F. (2021). Customer engagement research in hospitality and tourism: a systematic review. *Journal of Hospitality Marketing & Management*, 30(7), 871-904.
- [5] Chiu, C. Y., Chen, S., & Chen, C. L. (2017). An integrated perspective of TOE framework and innovation diffusion in broadband mobile applications adoption by enterprises. *International Journal of Management, Economics and Social Sciences (IJMESS)*, 6(1), 14-39.
- [6] Dabija, D. C., Bejan, B. M., & Tipi, N. (2018). Generation X versus millennials communication behaviour on social media when purchasing food versus tourist services. *E+ M Ekonomie a Management*, 21(1), 191-205.
- [7] Das, S., Sandhu, K., & Mondal, S. R. (2022). Music logos drive digital brands: An empirical analysis of consumers' perspective. *Journal of Strategic Marketing*, 1-16.
- [8] Derbani, A., Adawiyah, W. R., & Wulandari, S. Z. (2022). Impact of online buying behavioral tendencies of Generation Z on their parents' consumption behavior: Insight from Indonesia. *Innovative Marketing*, 18(2), 39.
- [9] Djafarova, E., & Bowes, T. (2021). 'Instagram made Me buy it': Generation Z impulse purchases in fashion industry. *Journal of retailing and consumer services*, 59, 102345.
- [10] El-Menawy, S. M. A., & Saleh, P. S. (2023). How does the mediating role of the use of social media platforms foster the relationship between employer attractiveness and generation Z intentions to apply for a job? *Future Business Journal*, 9(1), 65.
- [11] Elrayah, M., & Jamil, S. (2023). Examining the Role of Social Media in Shaping E-Commerce Preferences. *International Journal of eBusiness and eGovernment Studies*, 15(2), 149-171.
- [12] Grigoreva, E. A., Garifova, L. F., & Polovkina, E. A. (2021). Consumer Behavior in the Information Economy: Generation Z. *International Journal of Financial Research*, 12(2), 164.
- [13] Hamzah, Z. L., Abdul Wahab, H., & Waqas, M. (2021). Unveiling drivers and brand relationship implications of consumer engagement with social media brand posts. *Journal of Research in Interactive Marketing*, 15(2), 336-358.
- [14] Hanaysha, J. R. (2018). Customer retention and the mediating role of perceived value in retail industry. *World Journal of Entrepreneurship, Management and Sustainable Development*, 14(1), 2-24.
- [15] Herman. S. (2023). Industri Halal dan Ekonomi Digital: Peluang Bisnis dan Karir di Masa Depan. *TAMKIN: Jurnal Pengabdian Masyarakat*, 1(1), 30 - 40.
- [16] Isnawati, S. I. (2022). Analisis Perilaku Membeli Generasi Z Terhadap Peluang Bisnis Ritel. *Jibaku: Jurnal Ilmiah Bisnis, Manajemen dan Akuntansi*, 2(2), 11-21.

- [17] Kang, J. Y. M., & Kim, J. (2017). Online customer relationship marketing tactics through social media and perceived customer retention orientation of the green retailer. *Journal of fashion marketing and management: an international journal*, 21(3), 298-316.
- [18] Kierzkowski, A., McQuade, S., Waitman, R., & Zeisser, M. (1996). Marketing to the digital consumer. *The mckinsey quarterly*, (3), 4.
- [19] Lee, W. L., Liu, C. H., & Tseng, T. W. (2022). The multiple effects of service innovation and quality on transitional and electronic word-of-mouth in predicting customer behaviour. *Journal of Retailing and Consumer Services*, 64, 102791.
- [20] Lina, L. F., & Ahluwalia, L. (2021). Customers' impulse buying in social commerce: The role of flow experience in personalized advertising. *Jurnal Manajemen Maranatha*, 21(1), 1-8.
- [21] Mari, I. H., Mahfooz, M., & Yaqub, M. Z. (2023). The Impact of Social Media Marketing on the Consumer Buying Behavior. *International Journal of Emerging Business and Economic Trends*, 2(1), 102-114.
- [22] McLean, G., Al-Nabhani, K., & Wilson, A. (2018). Developing a mobile applications customer experience model (MACE)-implications for retailers. *Journal of Business Research*, 85, 325-336.
- [23] Menz, M., Kunisch, S., Birkinshaw, J., Collis, D. J., Foss, N. J., Hoskisson, R. E., & Prescott, J. E. (2021). Corporate Strategy and the Theory of the Firm in the Digital Age. *Journal of Management Studies*, 58(7), 1695-1720.
- [24] Munsch, A. (2021). Millennial and generation Z digital marketing communication and advertising effectiveness: A qualitative exploration. *Journal of Global Scholars of Marketing Science*, 31(1), 10-29.
- [25] Nuseir, M. T. (2016). Exploring the use of online marketing strategies and digital media to improve the brand loyalty and customer retention. *International Journal of Business and Management*, 11(4), 228-238.
- [26] Parment, A. (2013). Generation Y vs. Baby Boomers: Shopping behavior, buyer involvement and implications for retailing. *Journal of retailing and consumer services*, 20(2), 189-199.
- [27] Popa, I. D., Dabija, D. C., & Grant, D. B. (2019). *Exploring omnichannel retailing differences and preferences among consumer generations. In Applied Ethics for Entrepreneurial Success: Recommendations for the Developing World: 2018 Griffiths School of Management Annual Conference (GSMAC) on Business, Entrepreneurship and Ethics*. Berlin: Springer International Publishing.
- [28] Putra, M. R. M., Albant, M. A. K., Sari, L. N., & Sanjaya, V. F. (2020). Pengaruh Promosi, Fashion Involvement, Dan Shopping Life Style, Dan Impulse Buying di E-Commerce Shopee. *Revenue: Jurnal Ekonomi Pembangunan dan Ekonomi Islam*, 3(02), 21-29.
- [29] Rahmadhi, I. & Hendrasto, N. (2021). Analisis Faktor-faktor yang Mempengaruhi Keputusan Investasi pada Platform Crowdfunding Basis Pinjaman. *MANFA'AH: Journal of Islamic Business and Management*, 1(1), 21 - 28.
- [30] Rashid, S., & Ratten, V. (2020). A dynamic capabilities approach for the survival of Pakistani family-owned business in the digital world. *Journal of Family Business Management*, 10(4), 373-387.
- [31] Usman, A. H., & Possumah, B. T. (2017). Halal Produk Dan Teori Tingkah Laku Pengguna Islam: Satu Analisa Normatif. *Repository YARSI*, 270-275.
- [32] Vander Schee, B. A., Peltier, J., & Dahl, A. J. (2020). Antecedent consumer factors, consequential branding outcomes and measures of online consumer engagement: current research and future directions. *Journal of Research in Interactive Marketing*, 14(2), 239-268.
- [33] Varadarajan, R., & Yadav, M. S. (2009). Marketing strategy in an internet-enabled environment: a retrospective on the first ten years of JIM and a prospective on the next ten years. *Journal of interactive marketing*, 23(1), 11-22.
- [34] Yousaf, Z., Radulescu, M., Sinisi, C. I., Serbanescu, L., & Păunescu, L. M. (2021). Towards sustainable digital innovation of SMEs from the developing countries in the context of the digital economy and frugal environment. *Sustainability*, 13(10), 5715.

*Generation Z
Purchasing Behavior in
the Digital Economy*

1362