

Generation "Z" as a generation for market of goods and services in digitization

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Abstract — The article describes the peculiarities of market consumption of goods and services of representatives of «generation Z» in the era of digitalization. The methodological basis of the article is the work of Strauss and Hove's Theory of Generations in the United States, as well as Mark Prensky's research and publications on «digital natives» and Rogers' theory about «diffusion of innovation». In addition, it is also based on practical research of different companies such as Google, Millward Brown, Nielsen and Sberbank as a Russian one. The authors argue that as a result of the changing pattern of generational consumption, «marketing of influence» starts flourishing in the market for goods and services. In order to maximize the positive result in the market of goods and services in the work with the generation, it is necessary to personalize the experience and offer at the level of a particular customer and request; actively switch to ways to interact through digital channels; create an analytical «package» of goods in the form of product symbiosis, services, emotions and impressions with a clear competitive advantage in the form of value, which is defined in the concept of «experience» at an objective price; to complement the product line with non-standard combiners of urban products, using, for example, partner cross-offers.

Keywords — generation Z, goods and services market, digitalization era. Strauss and Hove, Mark Prensky, Rogers, consumption model, personalization of experience, digital channels; analytical «packaging», product symbiosis, competitive advantage.

I. INTRODUCTION

Digitalization fundamentally changes traditional and well-established paradigms, from models of home appliances and infrastructure management to genetic engineering and DNA profiling. The object of digitalization will be absolutely everything from workflows to the flow of personal information. The world, driven by information flows, is constantly in touch: the digital ecosystem affects absolutely all areas of human life. In the digitalization era, employers are preparing to hire a new generation of «Z» born between 1995 and 2009. This generation differs from all previous not only by its special worldview, formed by the digital world of «things» but by the «consumer» attitude to the market of goods and services [3].

Generation «Z» is the most targeted generation for the market of goods and services of all time. Their narrower focus is not the inability to focus on something, but a complex filter that helps them find the content they need faster and more

accurately than any generation before them.

According to an Australian study of 800 respondents, «digital Aboriginal people» are less able to cope with uncertainty. It seems that, like the computer programs they grew up on, the «Z» generation works in binary code. Modern video games that can be restarted in the event of an error, or Siri, which answers almost all questions, or Google maps that are originally built to remove uncertainty and steer along the right route – all of this, possibly reduces a generation's ability to cope with uncertainties. [4].

II. DEGREE OF STUDY

The digital generation began to talk about the generation «Z» or, as it is called in some scientific papers, at the end of the last millennium, when it became apparent that the spread of computers and the Internet was only the first step towards the next stage – universal telecellular internet access (or rather, social networks, messengers, etc.) [1]. The most popular publications by N. Hove and W. Strauss, describing the classic theory of generations. Research by C. Seuart, M. Bento, A. Davis and others demonstrates the basic principles of information consumption «generations X, Y and baby boomers».

Works by M. Prensky, D. Oblinger and D. Tapscott describe the features of the Digital Natives generation.

Scientific works by A. Vollicker, S. White, M. Cruz are devoted to the study of the «generation Z», its differences from other generations and its behavioral characteristics [2].

Let's list the most relevant works of academic nature, the object of which is the «generation Z», in particular the main ones: the book «Digital Generations: Children, Young People, and the New Media» by authors D. Buckingham and R. Willett; article «Presidential Address: Digital Media Use and the Experience (s) of Childhood: Reflections Across the Generations» by A.B. Jordan; In 2006, sociologist and writer David Buckingham, who specializes in young people (in this context, we are talking about generations born after 1980) published the book «Digital Generations: Children, Young People, and the New Media». This book analyzed the new generation and its relationship with the media (especially with its new formats) and made assumptions about the possible future of this relationship. Now this book does not seem to be relevant enough, but in this work it is needed to show the

transformation of the idea of the «generation of Z» as a digital generation over the last decade [3].

It is worth noting that at the moment there is no common understanding of the communication features of the «generation Z» in Russia (as well as the criteria of the generation itself). To date, the basic approach to Strauss and Hove's theory of singling out on the basis of demographic criteria of the population category in the twenty-year period and the presence of such a group of unambiguous common habitus has become obsolete. [4].

About «generation Z» say that they are «digital people» For their generation, the Internet has become a resource available at any moment to find something on the network, no longer need a computer. Thanks to the advent of freelancing and remote work, many of the parents of "generation z" pay more attention to children, spend more time with them. The world of «generation Z» is wider, they do not establish strong connections, if they do not like something, they just choose another option – the global network gives a lot of opportunities. These people would rather get a quick result than achieve an ambitious goal. Their main motivation is interest [5]. The life of this generation is inextricably linked with gadgets and social networks, so advertising communications are best built using these channels. No doubt this generation, coming into force will open more of its faces, but the general trends can be assessed today.

While retailers continued to focus on promoting products to «millennials», a new generation of customers, the «Z», has grown. And the needs, interests and values of this generation, the most media, «connected» and independent, are seriously different from those on which retail brand marketers are oriented. How do we start to interact effectively with the bright representatives of this consumer group today and what should be taken into account in the promotion strategy of goods taking into account the sharply changed patterns of consumption?

III. PURPOSE

The aim of this work is to explore the characteristics of the market consumption of products and services of representatives of «generation Z» in the era of digitalization.

IV. METHODS AND METHODOLOGY OF THE STUDY

Strauss and Howe's works on the USA generation, Marc Prensky's studies and publications on «digital natives» and Rogers's theory of «diffusion of innovations» are the methodological basis of this article. Moreover, it is also based on practical research of different companies such as Google, Millward Brown, Nielsen and Sberbank.

V. THE PROGRESS OF THE STUDY

The idea that people born at the same time as a form of a sociological community and have similar characteristics that distinguish them from previous and subsequent generations is relatively new. In traditional society, there were no «generations» in this sense, because the newly born grew up and grew old, took the place of their parents and in turn gave way to their children, not fundamentally different from them.

The scientific basis of generational theory was laid by the German sociologist Carl Mannheim in the work «The Problem of Generations». On average, the chronological framework of a generation in this sociological sense - 15-20 years, that is, all born within 20 years, belong to one generation, although we will see that in the future with the complexity of classification these terms began to be reduced to 10 years and even Less Generational Designation in different letters of the Latin alphabet is the fruit of generational theories that were formulated by American researchers William Strauss and Neil Hove in the books "Generations" and «The Fourth Turn». In their works there are long layouts of these very generations, starting with the Hundred Years' War. It is to them that we owe to the spread terminology of The Greatest Generation, that is, the generation of world war ii winners, then their children, then the baby boomers, generation X, generation Y (or millennials) and the «generation Z» [5].

Generations denoted by beeches are not some law of nature; it is just one of the theories that were formulated a few decades ago. It is convenient, because everyone feels that the generation really has some defining properties, and the letters are well remembered. It's been popularized in the media and in popular culture, so generation X, Y, Z on everyone's lips [1].

In our Russian realities, there is some confusion with millennials and centennials, that is, with Generation Y and Generation Z, as well as the intermediate generation Y. What is important? Millennials, aka Generation Y, are people born in the mid-eighties to the early nineties. These are those whose early adulthood came at the turn of the century, in 2000. They often think that millennials are very young. But these are quite adults, they have already become parents.

And centennials or generation Z are people born from the mid-nineties to the present (although there is no consensus on the upper limit of the generation). These are people who are now from 15 to 25 years old.

Generation Z, this is the first generation that was born in the age of Google, messengers, forums and blogs and from the first months of life contacted with interactive books and smartphones. These are indeed «digital aborigines», the eternal «transit passengers for whom the whole planet is one supermarket», as identified by Pico Ayer [4].

While millennials had desktop computers and, in rare cases, tablets, «Generation Z» grew up in an ever-connected environment: with smartphones and other portable devices, Wi-Fi and continuous network access.

Under this influence the peculiarities of their perception of the world around them are formed, including consumption [7].

Thus, it is typical for the «generation Z» to create and cherish one's own space, to deny the rules-tags, to pragmatically approach the achievement of goals, to analyze everything in depth and to strive to self-learn. They are bright individuals, less prone to manipulation and have a high degree of self-esteem and self-identity.

To form a strategy for the promotion and sales of the product, as well as ways to acquire, engage and retain consumers, you need only based on these characteristics of

«generation Z» [6].

How to reorient the company's strategy to «generation Z»?

First of all, when developing a strategy, you need to understand exactly how the generation consumes content - and from this to create tactics to gain their attention and trust.

First, one of the key indicators of this generation is its close connection with mobile phones. According to eMarketer, teens in the U.S. spend about 85 hours a month with smartphones - that's about 62% of the total amount of time they spend on the Internet. For comparison, the same figure for other generations is no more than 41%. Therefore, brands need to have a marketing plan designed specifically for mobile devices, which is sure to include a strategy of interaction with customers in social networks: «In Contact», Instagram, Facebook, Snapchat [3].

It should be taken into account that in their openness in social networks «Z» still protect their privacy, prefer anonymity - the options of disappearing «personal» traces in Instagram Stories once again confirm their reluctance to stay online forever.

In this regard, there is another trend: the average attention span of the «generation» to a particular advertising message does not exceed eight seconds, compared to 12 for millennials and even more – for «baby boomers». The new generation is living in multitasking mode, including on their mobile devices, and in order to get their attention, you have to act quickly [5].

Secondly, the importance of brand reputation based on responses is growing. Recommendations become the most reliable source of information about products and brands for young customers. At the same time, the «generation Z» clearly distinguishes «twisted» likes-responders, and the role of opinion leaders or so-called «brand ambassadors» instead of celebrity are taken by bloggers, influencers. And this strategy is successful only if they are fully identified with the "world" of the consumer [7].

Equally important is the immediate environment of each particular buyer. According to the Center for the Generation of Kinetics, 86% of «generation Z» relies on user feedback and other online opinions before making the first purchase from the brand.

As a result, «influence marketing» is beginning to flourish in the market: as a result of the Forbes survey, 36% of respondents from «generation Z» confirmed that their decisions about fashion and style were influenced by the influence of social media influencers, especially Instagram. And it is quite understandable: even the senior representatives of the «generation» are just beginning to understand the world around them and immediately face a huge variety of goods and services around them [5].

Finally, the «generation Z», unlike millennials, is indifferent to loyalty programs. They prefer to interact directly with brands they care about. This is due to the desire to share common values with companies.

Thus, the «generation Z» is more inclined than other

generations to give preference to socially responsible companies. They are beginning to care about the ethical side and the impact of their choices on the environment: according to Sustainable Brands, half of the «generation Z» says that the social values of the brand increase the likelihood of their purchase. And for those growing up in an era of global warming and a dying environment, ecology is becoming the new banner of freedom. And it is safe to say that the «Z» will refuse consumption in case of a clear violation of ethical rules. Very soon the plastic bags will disappear forever, and we will be handing over the glassware again. [7].

As a result, the very concept of «product» is a thing of the past. The concepts of «experience», «emotions», «uniqueness» come. They buy not products, but lifestyle, style. Therefore, while maintaining classic drivers - price, quality and variety – the arena will enter the «new» key criteria for product selection, such as uniqueness, style, «suits me», convenience and desire to own the product.

Consumption for «Z» is seen as having direct access to the product, not as ownership: the product becomes a service where access to the product must be opened 24/7, regardless of the sales channel. And the main thing for «generation Z» is the «response-to-demand» mode, when any contact with the product comes from the buyer, rather than today's spontaneous manipulation through sms or email channels [2].

It is continuous and individual consumption - a new concept that «generation Z» will finally form. In it, everyone in the family is responsible, for example, for the choice of food, each member of the family has a «own card», his budget. In fact, there is a differentiation of consumption patterns, the concept of «family budget» is a thing of the past, and there is a rejection of collective consumption. Even with the organization of joint parties, «generation Z» is more likely to offer «come with your own», once again emphasizing the path of individualism and freedom of choice [1].

Another concept that forms «generation Z» is «optimal choice». «Generation Z» is uniquely for a wide but intuitive choice of goods and services. At the same time, the time to make a decision to buy for them should be minimized, with a clear justification of arguments for such a choice. This approach to choice can significantly reduce the retail space of offline trading or very strongly "redraw" the laws of merchandising.

It is difficult to predict yet, but by the «mature» age of «generation Z» (by 2025), it may go down in history the format of hypermarkets, which can be interpreted by «generation Z» as a waste of time. It is not a fact that will save the situation when hypermarkets will be able to reformat under the «psychological» worlds of individual groups of consumers and properly zone their large territory, reducing the time to choose and service [9].

Due to high mobility, new, unusual formats of off-categories can be formed: comprehensive purchase analysis, «no borders» offer and, for example, conflicting at first glance commodity associations, cars and jewelry or symbiosis appliances and books. There will also be an interesting mix of service and sales of goods: for example, the format of laundry

with mini-grocers, as well as experience in brand collaborations, such as the collaboration of H'M with Moschino, Erdem, Kenzo and Balmain.

VI. RESULTS AND DISCUSSION

In such circumstances, brands have to completely rethink their approaches to product promotion.

First of all, it concerns a large-scale restructuring of marketing (advertising) budgets: there is a clear tendency to reduce the cost of mass channels of promotion of goods to the audience of «generation Z». And, as a result, the importance of data and its use to promote the product is growing at a tremendous rate. The personalization of the product goes to the proscenium, and the younger generation responds to personalization with a high level of response: involved in the message and acquires the product [10].

In this regard, the market share of any company in the near future will be evaluated on the basis not only of the number of customers involved in the purchase or turnover, but also the amount of data that the business owns. Moreover, this data can be accumulated within the company (as a result of transactional histories and dynamic data on the history of communications), and be purchased from data sellers, the market of which in Russia is actively formed [11].

Moreover, in the near future, the outdated paradigm of marketing cost management will become a thing of the past: «attracting one new customer costs the company seven times more than retaining an existing buyer» [2]. Companies will have to direct huge share of marketing budgets to customer retention through opinion management, complaints, and honest work with reputation [12].

«Generation Z» broadcasts a new concept of loyalty, or even more precisely - this concept acquires a new emotional color. «Generation Z» are not ready to buy goods only because of high fame, are not ready to overpay for premium brand – to indicate uniqueness, authenticity, ecology of the consumer. For «generation Z» characterized by a decisive (unconscious) refusal to consume certain goods and a rapid switch to novelties. Therefore, they do not deny frequent updates of the product line, are ready to actively test new products in order to find their own identity, change styles, look [8].

To maximize the positive result in the market of goods and services in working with the «generation Z» it is necessary:

- personalize the experience and offer at the customer and request level, while strictly respecting the boundaries of confidentiality, effectively using information from as many possible sources of behavior as possible about the behavior of the potential client;
- actively switch to ways of interacting through digital channels – only in real time and «under demand» [7];
- choose the «right» channel in which the consumer is really ready to have a dialogue with you for personalization. To communicate personalized through inefficient channels is not only a cost-benefit for the company, but also a prerequisite for not consuming;

- create an analytical «package» of goods in the form of a symbiosis of a product, services, emotions and impressions with a clear competitive advantage in the form of value, which is identified in the concept of «experience» at an objective price [13];
- do not overload the offer with the breadth of choice, at each stage of personalization to narrow the range of offers to the maximum possible volume in terms of probability of choice in your favor;
- complement the product line with non-standard combinatorics products, using, for example, partner cross-offers.

What happens next? A new generation of «Alpha Z» will come for the «generation Z» with which the relationship will be based on 100% personalized information accumulated for each client in one (or several) repositories, and will mark a complete departure from any mass interaction. But this is the perspective of the next 15 years – and it's a different story [7].

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