"A Comparative Analysis Of The Factors Influencing Purchase Decisions Of Millennial And Gen Z In Online Retail Environments"

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Abstract

Purpose: - The purpose of the research is to analyse the factors influencing purchase decisions of millennial and gen z in online shopping environments. The researcher aim to find the influence of e-retailers image, social factors, situational and trust factors for preferring the online shopping over traditional shopping on Millennial and Gen Z.

Motivation for the study: Younger age groups, including Millennial and Gen Z, exhibit higher frequencies of online shopping. They also demonstrate a stronger inclination towards using mobile devices for shopping and are more receptive to digital marketing strategies. In contrast, older consumers may have less familiarity with online shopping platforms and be more cautious about sharing personal information online.

Research approach: This study examines consumer preferences in Lucknow, specifically their inclination towards online shopping versus traditional methods. It investigates how of e-retailers image, social factors, situational and trust factors impact their purchase decisions. Data was gathered from 178 consumers in Lucknow district and analyzed for this research.

Finding: The research revealed that the majority of Millennial and Gen Z individuals opt to buy products through e-retail websites, as these platforms have successfully established trust among shoppers. Given the busy lifestyles of consumers, online shopping is considered more convenient.

Contribution: This paper aims to assist e-retailers in comprehending the purchasing preferences of young adult consumers from the Lucknow district.

Key words: Online shopping, factors influencing of online consumer, online shopping behaviour of Millennial and Gen Z, online buying behaviour.

Introduction

Online shopping has been present in India for over a decade, but its popularity has surged in recent years. Numerous studies, reports, and research from various parts of the country have examined consumer behaviour in online shopping. While online shopping is currently in its growth stage, it is expected to capture more market share from traditional brick-and-mortar stores. Reports indicate that physical stores still hold over half of the market share in the apparel industry. Consumer perceptions of online shopping vary and are somewhat limited. However, with increased exposure to online shopping, consumer knowledge and perceptions are expected to improve. The rise of digital markets has revolutionized the shopping experience, offering unprecedented convenience, variety, and accessibility. From clothing, electronics, groceries, and footwear to home appliances, accessories, and services, digital markets have transformed the way we buy products.

Age is a widely studied demographic factor in online shopping behaviour research. Younger generations, such as millennial and Gen Z, tend to shop online more frequently. They also show a greater preference for using mobile devices for shopping and are more responsive to digital marketing tactics. In contrast, older consumers may be less familiar with online shopping platforms and more hesitant to share personal information online

Online shopping has surged in popularity among Millennial and Gen Z, two generations renowned for their digital fluency and online involvement, thanks to their upbringing with technology. Millennial, or Generation Y, generally encompass those born between 1981 and 1996, while Gen Z, or Generation Z, includes individuals born between 1997 and the early 2010s. Both cohorts have been immersed in internet and mobile technology from a young age, contributing to their adeptness in utilizing online platforms for browsing and purchasing.

Millennials and Gen Z have emerged as dominant consumer segments in the online marketplace, and their online purchase behavior is significantly shaped by several key factors such as trust, e-retailer image, social influence, and situational factors. For them, trust in an e-commerce platform is not just about secure transactions, but also about transparency, authenticity, and ethical values. Millennials, who witnessed the evolution of online shopping, tend to evaluate the credibility of websites based on previous experiences, secure payment systems, and return policies while, Gen Z, being digital natives, quickly assess trustworthiness through peer reviews, influencer endorsements, and real-time customer feedback. Both generations value e-retailer image, but in slightly different ways, Millennials often appreciate minimalistic design, professionalism, and brand legacy, whereas Gen Z prioritizes a vibrant, engaging, mobile-friendly, and personalized shopping experience. The image of an e-retailer is reinforced through website aesthetics, ease of navigation, and brand engagement across digital platforms.

Social factors also exert strong influence, particularly among Gen Z, who are highly responsive to social media trends, influencer marketing, and user-generated content. Peer recommendations, viral challenges, and online communities play a major role in shaping their preferences and purchase decisions. Millennials too are influenced socially, but they tend to trust family, friends, and online reviews more than influencers.

Situational factors, such as time constraints, discounts, convenience, significantly drive purchase behavior for both groups. Millennials, who often juggle between work and family, prefer online shopping for its time-saving benefits, while Gen Z, driven by instant gratification, responds strongly to flash sales, one-click purchases, and fast delivery options. Both generations also consider environmental, ethical, and emotional situations when choosing to shop online, often preferring brands that align with their values. In conclusion, understanding how trust, e-retailer image, social influences, and situational contexts affect Millennials and Gen Z differently helps online retailers craft targeted strategies to attract and retain these digitally empowered consumers.

Literature review

Convenience is a key characteristic of Millennial and Gen Z online shoppers. They value the ability to shop anytime, anywhere, using their smart phones or other devices. These generations are more inclined to shop online for a wide array of products, including clothing, electronics, groceries, and household items (Larano, A 2023).

Personalization is another significant factor for Millennial and Gen Z in online shopping. They expect a personalized shopping experience tailored to their preferences and interests. These generations are more likely to engage with brands that offer personalized recommendations, promotions, and content (Ederio, N 2023).

The rise of mobile shopping has been particularly pronounced among Millennial and Gen Z. They are more likely to use their smart-phones for online shopping, browsing products, comparing prices, and making purchases on the go.

Millennial and Gen Z are driving the growth of online shopping, with their preference for convenience, personalization, and mobile shopping shaping how retailers engage with these generations (Srivastava, S 2016).

Millennial and Gen Z are particularly drawn to the fashion styles of celebrities, and online customized shopping has made it easier to find similar garments (Thaker, T. 2022). According to (Li, Z. 2020),

customers often choose customized fashion products online from direct channels because they perceive it as less risky.

The online shopping experience is influenced by factors such as website design, usability, and customer service (Zhang, G 2011). User experience design plays a crucial role in engaging consumers and encouraging them to make purchases. Personalization and customization are also important aspects of the online shopping experience, allowing retailers to tailor recommendations and offers to individual consumers (Hadi, R., Melumad 2022).

According to (Adeola, O et al. 2021), trust mitigates the perception of risk in e-commerce and encourages purchase intention. For Millennials and Gen Z, trust involves not only the reliability of the e-retailer but also aspects like data security, transparency, and customer service. Generation Z consumers rely heavily on reviews and influencer endorsements to develop trust. Meanwhile, Millennials tend to build trust through experience and consistent service quality.

The image of an e-retailer significantly impacts how consumers perceive the value and credibility of the platform. E-retailer image includes aspects such as website design, brand reputation, assortment quality, responsiveness, and perceived innovativeness (Larano, A 2023). Millennials are found to respond positively to brands that are socially responsible, creative, and interactive. Gen Z, on the other hand, looks for authenticity, personalization, and alignment with their values. Both groups are influenced by the visual aesthetics and usability of the website, with Gen Z particularly responsive to gamified and immersive experiences (Ederio, N 2023).

Social influence, encompassing peer pressure, online reviews, social media, and influencer marketing, plays a vital role in the online shopping behavior of Millennials and Gen Z. (Angelou L et al 2023). Millennials tend to be influenced by peer recommendations and online communities. For Gen Z, social media influencers and user-generated content carry significant weight in shaping perceptions and driving purchases. Platforms like Instagram, YouTube, and facebook have influence most in Gen Z's shopping journey, with product discovery often occurring via short-form content and reviews. (Subramanian 2021)

Situational factors refer to temporary conditions that influence purchase behavior such as time pressure, urgency, availability of discounts, and pandemic-related constraints (Hailong, Y 2021).Gen Z, especially students and young professionals, are more likely to shop online under the influence of situational convenience, flash sales, and urgency marketing tactics. Millennials are driven by lifestyle fit, flexibility, and time efficiency (Dwivedi C. K et al, 2018). Mobile commerce, quick delivery options, and 24/7 accessibility are key situational enablers for both cohorts.

Objective

1. To know the purchasing pattern of Millennial and Gen Z in Lucknow district for shopping products online.
2. To identify the factors motivating Millennial and Gen Z to purchase product online.

Research Methodology

The research method used for the study is the descriptive research technique. The study is based on pre-validated questionnaire by Zaid A Ansari(2019). The survey is done from the Millennial and Gen Z people of Lucknow district. The study is based on only primary data so a total of 250 questionnaires were distributed among the consumers in which 178 response were collected. The response rate is 71.2%.

Hypothesis

H1: There is significant relationship between Trust factors and online shopping behaviour of Millennial and Gen Z

H2: There is significant relationship between E-retailers Image and online shopping behaviour of Millennial and Gen Z

H3: There is significant relationship between Social factors and online shopping behaviour of Millennial and Gen Z

H4: There is significant relationship between Situational factors and online shopping behaviour of Millennial and Gen Z

Finding

Category	Frequency	Percent
Gen Z	40	22.5
Millennial	138	77.5
Total	178	

This set of data appears to represent the distribution of respondents across different age categories (Gen Z and Millennial). Here's the interpretation:

• Gen Z: There are 40 respondents in the Gen Z category, representing 22.5% of the total sample.

• Millennial: There are 138 respondents in the millennial category, representing 77.5% of the total sample.

• Total: The total number of respondents is 178.

This data suggests that the majority of respondents are Millennial, while Gen Z individuals make up a smaller portion of the sample.

Cross tabulation

Category	Gender		Total
	Female	Male	
Gen Z	26	14	40
Millennial	54	84	138
	80	98	178

This set of data seems to represent the distribution of respondents across different age categories (Gen Z and Millennial) and genders (Female and Male). Here's the interpretation:

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•   Gen Z: There are 26 Female and 14 Male respondents in the Gen Z category, totalling 40 respondents.

•   Millennial: There are 54 Female and 84 Male respondents in the Millennial category, totalling 138 respondents.

Descriptive

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Trust factor	Gen Z	40	2.0333	.61231	.09682	1.8375	2.2292	1.00	3.33
	Millennial	138	2.1401	.87017	.07407	1.9936	2.2866	1.00	5.00
	Total	178	2.1161	.81895	.06138	1.9950	2.2372	1.00	5.00
E-retailers image	Gen Z	40	1.8500	.46539	.07358	1.7012	1.9988	1.00	2.71
	Millennial	138	2.0538	.85300	.07261	1.9102	2.1974	1.00	5.00
	Total	178	2.0080	.78624	.05893	1.8917	2.1243	1.00	5.00
Social	Gen Z	40	2.2625	.73587	.11635	2.0272	2.4978	1.00	3.75

Factor	Millennial	138	2.2826	.80816	.06880	2.1466	2.4186	1.00	5.00
	Total	178	2.2781	.79051	.05925	2.1612	2.3950	1.00	5.00
Situation Factor	Gen Z	40	1.5125	.38792	.06134	1.3884	1.6366	1.00	2.25
	Millennial	138	1.7283	.95016	.08088	1.5683	1.8882	1.00	5.00
	Total	178	1.6798	.86029	.06448	1.5525	1.8070	1.00	5.00

This table provides descriptive statistics for four variables (Trust factor, E-retailers image, Social Factor, Situation Factor) broken down by two groups (Gen Z and Millennial) and a total for all respondents. Here's how to interpret the data:

1. **Trust factor:**

• For Gen Z: Mean = 2.0333, Std. Deviation = 0.61231, 95% Confidence Interval for Mean = [1.8375, 2.2292].

• For Millennial: Mean = 2.1401, Std. Deviation = 0.87017, 95% Confidence Interval for Mean = [1.9936, 2.2866].

• Total: Mean = 2.1161, Std. Deviation = 0.81895, 95% Confidence Interval for Mean = [1.9950, 2.2372].

2. **E-retailers image:**

• For Gen Z: Mean = 1.8500, Std. Deviation = 0.46539, 95% Confidence Interval for Mean = [1.7012, 1.9988].

• For Millennial: Mean = 2.0538, Std. Deviation = 0.85300, 95% Confidence Interval for Mean = [1.9102, 2.1974].

• Total: Mean = 2.0080, Std. Deviation = 0.78624, 95% Confidence Interval for Mean = [1.8917, 2.1243].

3. **Social Factor:**

• For Gen Z: Mean = 2.2625, Std. Deviation = 0.73587, 95% Confidence Interval for Mean = [2.0272, 2.4978].

• For Millennial: Mean = 2.2826, Std. Deviation = 0.80816, 95% Confidence Interval for Mean = [2.1466, 2.4186].

• Total: Mean = 2.2781, Std. Deviation = 0.79051, 95% Confidence Interval for Mean = [2.1612, 2.3950].

4. Situation Factor:

• For Gen Z: Mean = 1.5125, Std. Deviation = 0.38792, 95% Confidence Interval for Mean = [1.3884, 1.6366].

• For Millennial: Mean = 1.7283, Std. Deviation = 0.95016, 95% Confidence Interval for Mean = [1.5683, 1.8882].

• Total: Mean = 1.6798, Std. Deviation = 0.86029, 95% Confidence Interval for Mean = [1.5525, 1.8070].

These statistics provide a summary of the central tendency, dispersion, and confidence intervals for the means of the variables across the two age groups and the total sample.

ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
Trust factor	Between Groups	.353	1	.353	.526	.469
	Within Groups	118.358	176	.672		
	Total	118.712	177			
E-retailers image	Between Groups	1.288	1	1.288	2.097	.149
	Within Groups	108.129	176	.614		
	Total	109.417	177			
Social Factor	Between Groups	.013	1	.013	.020	.888
	Within Groups	110.597	176	.628		
	Total	110.610	177			
Situation Factor	Between Groups	1.444	1	1.444	1.961	.163
	Within Groups	129.554	176	.736		
	Total	130.997	177			

Level of significance is 0.05

This table presents the results of four separate one-way ANOVA tests, each comparing the means of a different variable (Trust factor, E-retailers image, Social Factor, Situation Factor) between two groups. Here's how to interpret the data:

1. **Trust factor:**

- Between Groups: Sum of Squares = 0.353, df = 1, Mean Square = 0.353, F = 0.526, p = 0.469.

- Within Groups: Sum of Squares = 118.358, df = 176, Mean Square = 0.672.

- Total: Sum of Squares = 118.712, df = 177.

The F-ratio is 0.526 with a p-value of 0.469, indicating that there is no significant difference in Trust factor between the two groups (Gen Z and Millennial).

2. **E-retailers image:**

- Between Groups: Sum of Squares = 1.288, df = 1, Mean Square = 1.288, F = 2.097, p = 0.149.

- Within Groups: Sum of Squares = 108.129, df = 176, Mean Square = 0.614.

- Total: Sum of Squares = 109.417, df = 177.

The F-ratio is 2.097 with a p-value of 0.149, indicating that there is no significant difference in E-retailers image   between   the   two   groups.

3. **Social Factor:**

- Between Groups: Sum of Squares = 0.013, df = 1, Mean Square = 0.013, F = 0.020, p = 0.888.

- Within Groups: Sum of Squares = 110.597, df = 176, Mean Square = 0.628.

- Total: Sum of Squares = 110.610, df = 177.

The F-ratio is 0.020 with a p-value of 0.888, indicating that there is no significant difference in Social Factor between the two groups.

4. **Situation Factor:**

- Between Groups: Sum of Squares = 1.444, df = 1, Mean Square = 1.444, F = 1.961, p = 0.163.

- Within Groups: Sum of Squares = 129.554, df = 176, Mean Square = 0.736.

- Total: Sum of Squares = 130.997, df = 177.

The F-ratio is 1.961 with a p-value of 0.163, indicating that there is no significant difference in Situation Factor between the two groups.

In summary, none of the variables (Trust factor, E-retailers image, Social Factor, Situation Factor) show a significant difference between the two age groups (Gen Z and Millennial) based on the ANOVA tests conducted.

Conclusion

Millennials and Gen Z, the two generational cohorts often at the forefront of digital trends, exhibit distinct but overlapping behaviors when it comes to online shopping. Both groups are highly tech-savvy and value convenience, but their preferences and priorities differ in significant ways.

Millennials, born roughly between 1981 and 1996, are known for their digital fluency, having grown up alongside the rise of the internet and smartphones. They tend to prioritize experiences over material goods and are more likely to research products extensively before making a purchase. Millennials also value authenticity and are drawn to brands that align with their values, such as sustainability and social responsibility.

Gen Z, born from 1997 to the early 2010s, has been shaped by the ubiquity of social media and the sharing economy. This generation values personalization and self-expression, often seeking out unique and niche products that reflect their individuality. Gen Z is also more inclined to engage with brands that offer seamless omnichannel experiences, blending online and offline interactions seamlessly.

Despite these differences, both Millennial and Gen Z share a preference for online shopping due to its convenience, accessibility, and variety. They are also highly influenced by social media and online reviews, with peer recommendations often carrying more weight than traditional advertising.

Limitation: The limitation of the study is its focus solely on consumers from the Lucknow district, which may limit the findings to other regions or demographics. Additionally, the study only examines e-retailers image, social, situational and trust factors that influence purchase behaviour, overlooking other potential variables that could also play a significant role, especially among Millennial and Gen Z. These younger generations, known for their digital fluency and unique preferences, may respond differently to various marketing strategies compared to older generations.

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