

CONSUMER HABITS OF GENERATIONS X, Y, Z DURING THE COVID-19 EPIDEMIC

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Abstract

The aim of the study is to present and analyze the consumer and purchasing habits of the X, Y, Z generations and their attitudes towards savings during the COVID-19 epidemic. The first chapter introduces consumer behavior and its influencing factors, and also deals with the characterization of generations. In addition, it presents the changes caused by the COVID-19 epidemic, including restrictions and measures. As the government had to limit purchases (e. g. shopping hours for seniors, earlier closing time or even closed shops) the number of online purchases increased. This behavior, in turn, resulted in an increase in the price of some products, which at the same time led to a decrease in turnover. The study is followed by setting the objectives then presents the results of the questionnaire survey. The finishing part draws the conclusions we set in light of the results. The results of the study show the shopping habits consumers have, how they relate to savings, which generation spends the most money. After evaluating the research, we also got an answer as to whether shoppers tend to buy online and, if so, why they decide to do so.

Key words: generations, shopping habits, consumer behavior, coronavirus, online shopping

JEL Code: D12, E21

Introduction

Nowadays, shopping is part of our daily lives and can often be time consuming and may incur high costs. Due to the pandemic situation, there has been a major change in food shopping and in other areas as well – such as consumer shopping habits. In the current situation, it is not possible to know how long the uncertainty and hopelessness caused by Covid-19 will last. Consumer market players also need to adapt to the situation, they need to change their plans, habits, ideas and create new ones. Currently, great preference is given to those who have been able to suddenly switch to online shopping due to circumstances. As a result, other market players are under strong pressure. To maintain the companies, they need to build a new sales

network and also change their communication strategy so that the number of consumers does not decrease due to the epidemic situation.

We can talk about the Internet since the early 1990s. Since the early 2000s, the use of the Internet and online interfaces has increased greatly. Nowadays, this kind of action has taken on global proportions. Internet use has become a daily part of people – like a daily routine. Most of the population would not be able to imagine their lives without the online world. A number of innovations have been implemented for the dramatically increased users. One such innovation is online shopping, which the younger (“Z”) generation prefers to use, but it has many advantages for older generations too. They can buy things that are important to them even from home. Not all generations were able or willing to catch up with these innovations. Older age groups are finding it increasingly difficult to adapt to this new type of tool, but there are exceptions among them for whom it is not a problem to use it. This intergenerational difference has been examined in the study.

1 Consumer behavior

The concept of consumer society is being used by more and more people today. On the other hand, its most characteristic feature is understood by only a few. Understanding consumer behavior is far-reaching in the eyes of professionals, so much more emphasis is placed on gathering knowledge. The significance of the topic shows that many textbooks and articles have been published in connection with it. A marketing strategy is successful if we get a deeper understanding of user behavior (Hofmeister, 2008). In a consumer society, consumption becomes a top priority, changes people's values and takes on a degree that endangers the environment, and thus human lives. Individuals are judged based on their clothing, brand of the car, and objects surrounding the person. In most purchasing decisions – in addition to satisfying a simple need – higher demands also play a role: all the clothes, products and services used are for social inclusion, for self-image or for self-expression. With every product and service purchased, the consumer sends a message about the person to the environment – following a kind of fashion.

In today's world, where brands, products, services and the acquisition itself have become so dominant, and where shopping has become one of the most popular leisure activities, is worth rethinking what subsistence consumption has become. Consumption has become a community-forming and at the same time self-expressing process. Despite the spread of the postmaterialist approach, it is strongly subject-dependent. Few “escape” from this, and for the

majority of consumers, acquisition and consumption have become an integral part of their lives. (Svec, et. al., 2015) In consumer society, the person, through distributors – mainly through the media – comes into contact with the community to which they feel they belong, so the role of the media in the creation of common cultural meanings is greatly enhanced. Advertising plays an extraordinary role in the creation of consumer content. (Hofmeister, 2008)

In order to make a company customer-oriented, it is necessary to know the market absorption of products, services and also to know what the consumer's purchasing motives are and what the purchasing decision mechanism looks like. Consumers buy products and services to meet their needs – for individual consumption or for their families. The concept of buyer and consumer may be separate, as the person making the purchase is not always the consumer of the product, so it is possible to make the purchase decision together. (Fodor et al., 2012)

1.1 Factors influencing consumer behavior

The Customers decide on a daily basis what products, services, brands they buy or use to meet their current needs, in what quantities, when and where. These decisions are influenced by many factors (Fodor et al., 2012). These can be external characteristics and individual factors. The purchase decision is largely determined by the level of the income and also the sum of the cultural, social, personal and psychological characteristics of the buyer.

Table 1: Factors influencing consumer behavior

Cultural	Social	Personal	Psychological
characteristics			
<ul style="list-style-type: none"> • Culture • Subculture • Social class 	<ul style="list-style-type: none"> • Reference groups • Family • Social status 	<ul style="list-style-type: none"> • Age, family life cycle • Occupation • Economic conditions • Lifestyle • Personality 	<ul style="list-style-type: none"> • Motivation • Detection • Learning • Beliefs, attitudes
↓ THE BUYER			

Source: Benda-Prokešiová, 2017

External factors influencing the consumer's decision:

Cultural Factor: Culture includes learned beliefs, values, and the totality of habits that guide consumer behavior in a given society. Culture determines the way households and people live. (Stefko, et. al., 2019).

Social Factor: An individual's decisions are also influenced by factors such as reference groups to be followed and antisocial groups of individuals rejecting the following behavior,

different social roles and statuses, and last but not least, family. A group is a community of several people who share common values, norms, or beliefs and whose behavior is interdependent. Group influence means the interaction of members. (Pishchik,2020)

Internal factors influencing the consumer's decision:

The effects of external and internal considerations play a major role in the purchasing situation. The subjectivity and independent position of the individual cannot be ruled out at all based on the opinions of the customer. These have a direct effect on customer decisions. Among the subjective factors, gender should be taken into account as well as the age and constraints of the customers. Consumer choices differ for a man and a woman, but also between married or single, young and retired consumers. Personal factors include the income – this has a big impact on consumer decisions. In addition to the factors that determine an individual's condition, it is significantly more difficult to understand the traits that determine personality. (Nuzulita, Subriadi, 2019)

Personal characteristics: Not only reference groups and family members influence the attitudes and habits of customers, but also those with whom they come into contact on a daily basis. Interactions can change individuals' own opinions, attitudes or emotions.

Psychological characteristics: They have an effect on a person's attitude and behavior. They greatly influence consumer behavior. (Horská, 2000)

1.2 Generation consumption

Generations are connected by common life experiences, impulses and values. A kind of “cohort experience” – through which individuals have developed different lifestyles – plays a big role in the generational division. A wide range of consumption decisions is specific to each generation group. Values and shared experiences play a prominent role too in these decisions. (Töröcsik, 2017). Overall, consumer behavior can be interpreted by the following factors:

- Stages of life
- Current social and (macro-) economic conditions
- Cohort experience (Fodor et al., 2012)

According to professionals there are six generations these days. Individuals in generational groups differ in lifestyle, thinking and virtue. However, common experiences, relationships, problems connect them to each other. (Betz, 2019)

Experts have classified individuals from the generation born after 1920 into six generational groups. These are the following:

- Veterans: between 1920 and 1939,

- Baby Boom: between 1940 and 1964,
- Generation X: between 1965 and 1979,
- Generation Y: between 1980 and 1995,
- Generation Z: 1996 to 2007,
- Alpha generation: born after 2007. (Betz, 2019)

1.3 Changes in purchase process during coronavirus

Nowadays, consumer shopping habits have changed significantly thanks to the coronavirus epidemic. This was due to – among other things – the time limits of shopping as well as the proliferation of online shopping. In the economy, the prices of products increased, so the turnover decreased as the number of purchases changed. Due to the development of the situation, the share of demand for durable goods increased, while the demand for products offered at a higher price / value ratio decreased. Demand for products in smaller packages also declined, while demand for high processed or ready-to-cook foods increased. Consumers typically prefer retail stores where they can find all the products, they need at one place. With regard to grocery store purchases, the time between entry and payment has shortened and the number of so-called impulse purchases has decreased. Many more people plan their purchases than before – so these count as routine shoppings. (Padlowska, 2020)

Research methodology

The following assumptions were defined during the research:

Assumption 1: Most of consumers prefer to shop online during the Covid-19 epidemic.

Assumption 2: The majority of customers save a certain percentage of their income during the reviewed period.

Assumption 3: Customers spend at least 30% of their income on food during the coronavirus.

In order to achieve the research goal an online questionnaire survey was used from the quantitative research methods. The method is the tool for large-scale quantitative data collection. This sampling method is the most efficient as it is time and cost effective.

The questionnaire analyzed the shopping habits of different generations and their attitudes to savings, as well as what their salaries are spent on during the pandemic. The research was extended to the X, Y, Z generations. Sampling was done online, completely anonymously. A total of 129 answers were used during the analysis – after filtering out incorrect answers. The questionnaire consisted of 29 questions, of which 5 questions were about basic demographics. It was available to respondents on an online platform (Google Forms) for one month.

The interpretation of the results was done using the MS Excel spreadsheet program. After the results were compared with the defined assumptions, conclusions were drawn, from which it became clear what the target groups (3 generations) buy from their income and how the epidemic situation affects their purchases.

Results

In this part of the study, the results of the research are presented. As the subject of our analysis were the responses of 129 individuals, the obtained results are not representative for the population.

Numerous researchers have dealt with the characterization of the X, Y, Z generations and their classification into age groups. The present study is based on the processing of Betz (2019), the distribution of which is as follows:

- Generation X: 1965-1979 (42-56 years)
- Generation Y: 1980-1995 (26-41 years)
- Generation Z: 1996-2009 (12-25 years)

The distribution of the demographic data of the studied groups is illustrated in the following table:

Table 2: Demographic data of the research

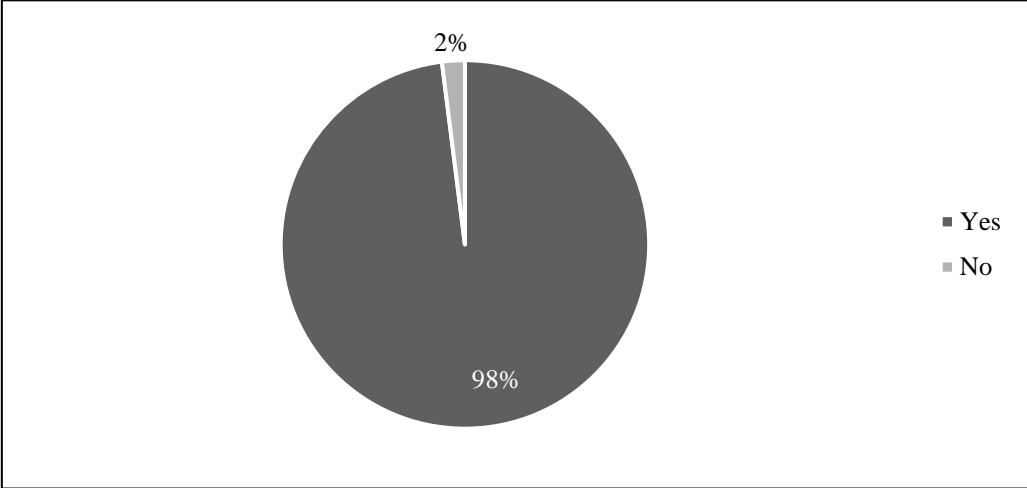
Gender		Monthly net income	
Female	73%	0-150,000 HUF	32%
Male	27%	151,000-200,000 HUF	21%
Generation		201,000-250,000 HUF	12%
X generation	25%	251,000-300,000 HUF	11%
Y generation	33%	301,000-350,000 HUF	6%
Z generation	42%	More than 350,000 HUF	18%
Education		Profession	
Primary school	4%	Employee	30%
Vocational school	35%	Homemaker	1%
High school	31%	Private entrepreneur	14%
College/University	30%	Student	39%
		Unemployed	2%

Source: own editing

After the demographics, the respondents were asked whether – at the time of the coronavirus – there was an individual among them who have never ever bought anything online before. The responses showed that 98% had already taken advantage of the online platform, while 2% of respondents had not yet. This type of shopping opportunity is becoming more

common these days, affecting both the older and younger generations. In this respect, the first assumption is accepted.

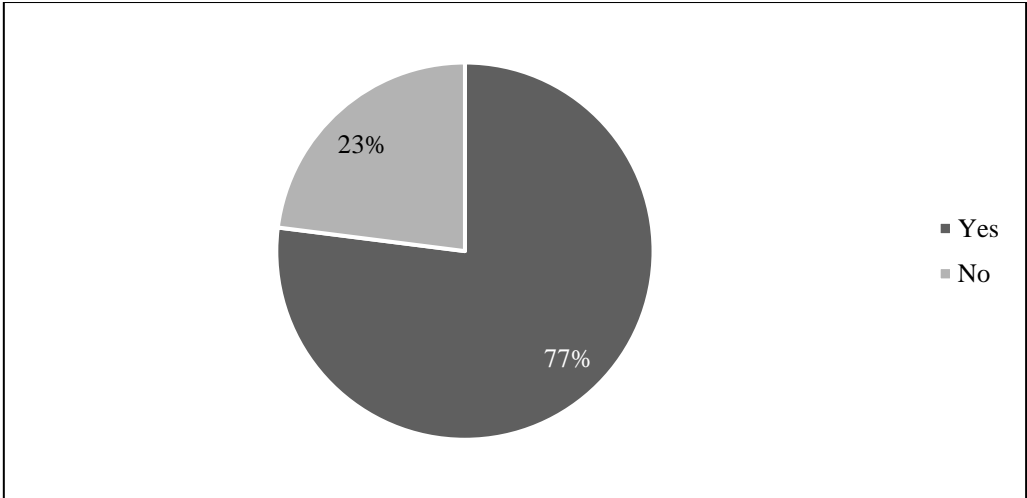
Figure 1: Proportion of customers 'willingness to go online



Source: own editing

The second diagram illustrates the distribution related to personal savings. It can be seen that 77% of the respondents saves a certain part of their income, while 23% are living month to month. In terms of generations, it can be assumed that the X and Y groups are the ones who consider savings important. On the other hand, the members of Generation Z – who are mainly students – do not have a steady, monthly income. The second assumption – „The majority of customers save a certain percentage of their income during the reviewed period” – is also accepted.

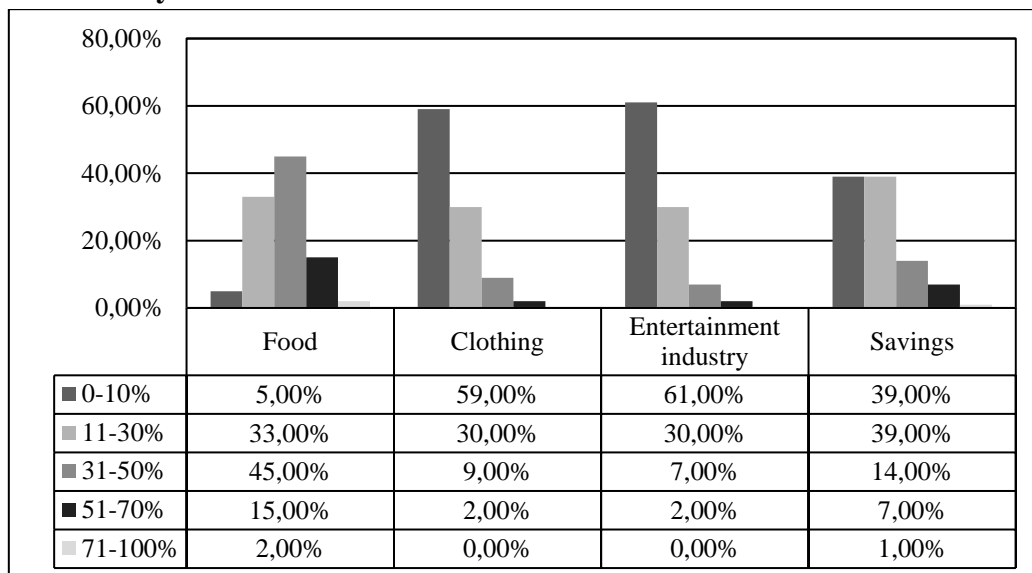
Figure 2: Distribution related to savings



Source: Own editing

The third figure shows the consumer habits connected with the monthly distribution of income. The analysis shows that 45% of consumers spend 30-50% of their income on food, followed by savings (14%), clothing (9%) and the entertainment industry (7%) in descending order. The data also show that, individuals in general, spend half of their income on buying food, while recreation and clothing are in last place. Presumably, this is due to the fact that the individual aspect is primarily livelihood, which is also excellently illustrated by the well known Pyramid of Maslow. Primarily, meeting basic physiological needs form the basis, while recognition and aesthetics are at the higher levels of the hierarchy. According to the results third assumption – „Customers spend at least 30% of their income on food during the coronavirus” – is also accepted.

Figure 3: Monthly revenue rate of customers



Source: Own editing

Conclusion

The main goal of our research was to present the attitudes of consumers towards savings during the Covid-19 epidemic. Various literature was used in the preparation of the study. The first chapter dealt with consumer behavior, which was supplemented with factors influencing consumer behavior. In this subsection, the extent to which the size of the income has an effect on the consumer is described. This was followed by a detailed description of the generations. In the next subsection changes in decision-making processes at the time of the coronavirus were analyzed

In the practical part, an online questionnaire survey was conducted. 129 people participated in the survey. In the research methodology section, three assumptions were formulated. The first was that the majority of consumers prefer to shop online during the Covid-19 epidemic. In our analysis, more than 90% of respondents gave a clear answer to prove this assumption. The second was that a large proportion of customers save a certain percentage of their income during the pandemic period. Surprisingly, the results showed that nearly 80% of respondents emphasize the importance of saving – so the second assumption was also accepted. The third assumption suggested that customers spend at least 30% of their income on food during the coronavirus. According to the responses received, 45% of respondents spend 30-50% of their income on basic food purchases. Overall, conscious shopping becomes even more important in the time of the coronavirus, which puts changing shopping habits at the forefront. Further research is recommended in the future to examine the effects of other waves of the epidemic on consumer habits.

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