

Meštrović, Ines Sosa; Knežević, Blaženka; Falat, Martina

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What Influences Decision Making in Online Purchasing of Books in Generation X and Y?

Ines Sosa Meštrović

University of Zagreb, Faculty of Economics and Business, Croatia

Blaženka Knežević

University of Zagreb, Faculty of Economics and Business, Croatia

Martina Falat

University of Zagreb, Faculty of Economics and Business, Croatia

Abstract

Electronic commerce in B2C area is developing rapidly in Europe in last decade and it became respective proportion in retail revenue generation in all EU countries. More than a half of population in EU are online shoppers. Books are important product category. On the other hand, consumer generations behave differently and various factors influence their decision making both in offline and in online world. In this paper we examine what influences decision making in online purchasing of books for X and Y consumer generation. The paper is based on own primary research.

Keywords: e-commerce, young consumers, generation X, generation Y, retail

JEL classification: L81, L86, M31

Introduction

Every year big portion of retailing move from offline world to online world. Electronic commerce is developing fast over the last decade in all countries in EU. According to data in Eurostat trends in online shopping are accelerating rapidly and in 2018 more than 60% of EU citizens made online purchase within last 12 months (Eurostat, 2019). E-commerce turnover in EU generated more than 620 billion euros (E-commerce News, 2019).

Data shows that clothing and footwear dominate the online market. While in second place are books as a high-ranking product category in online retail. In the EU 32% of population bought books online in 2017 (Eurostat, 2019). According to E-commerce News (2019) number of online shoppers for books in Europe exceeded 80 million people.

According to Glass (2007) these are 4 relevant consumer generations: (a) Veterans – born between 1925 and 1940, (b) Baby-boom generation – born between 1941 and 1960, (c) Generation X – born between 1961 and 1976, (d) Millennials or Generation Y – born between 1977 and 1998. In 2008 in age group 55-74 there was 44% of online shoppers in population, while in 2018 the proportion were 55%; in age group 25-54 the proportion grew from 53% to 73%, and in group 16-24 proportion grew from 45% in 2008 to 73% in 2018 (Eurostat, 2019).

Each generation has different expectations, experiences, demographic characteristics, life style and perception of life values. These characteristics in particular affect the way in which they buy, on their shopping behavior. Numerous research studies in consumer behavior confirmed that age influences consumer choices and purchasing decisions in various ways both in offline and in online shopping environment.

Generation X is one of the most highly educated generations. Factors that drive Generation X behavior are their early disillusionment with cultural icons, ongoing preoccupation with the Internet and their seemingly infinite ability to simplify, streamline and enrich the activities and relationships of their daily lives (Ordun, 2015).

Generation Y are conscious socially, culturally and environmentally; purposeful in nature; confident; require individual experiences and demand rationale due to a more skeptical nature than previous generations (Hume, 2010).

People of every age group use the internet to shop. Millennials intensively use mobile technologies to get access to various information and shopping whenever they feel the need and from every location (Knežević et al., 2017). Biggest growth in online shopping is among individual Millennials where number of individuals having last purchased online in the last 3 months is between 51% and 64% (Eurostat, 2019).

People's age says a lot about their buying behavior. Different generations and demographic consumer groups are exposed to: (a) different social and economic opportunities and barriers, (b) different types of technology activities, (c) different social perceptions and different community norms, and (d) different life experiences and events (Hume, 2010).

Millennials consider the views of their peers to be very reliable and frequently ask their peers to determine the merit of a website or product. Shopping through social networks is growing, given the link that millennials have with the brands that identify them and the exponential number of Facebook users. Millennials are not as loyal to brands, or they are not represented by the same brands category as people from the previous generations who were consciously labeled by certain brands. They are reactive to social, cultural, economic and political changes, and their buying behavior is continually rebuilding (Moreno et al., 2017).

Upon all this, we conclude there are sources that confirm that there are influential factors in the young population of consumers, but those influential factors have not yet been sufficiently explored in online retail sales of specific sales categories. As books are one of top three product categories in online retailing, in this paper we will focus on the factors of influence on the online purchasing of books.

Methodology and Sample

For the purpose of primary research on online purchasing of books, the questionnaire was designed. The questionnaire consisted of 15 questions, 12 questions were one-choice questions, while 3 questions were put in form of Likert scale questions. Questions were divided in several segments and each segment was based on previous research as follows:

- socio-demographic characteristics (questions were adapted based on Chen et al., 2015; Parker and Wang, 2016; Strugar et al., 2011).
- occurrence, motivation and characteristics of online purchasing of books (questions were adapted based on Bonera, 2011; Dholakia and Uusitalo, 2002; Nikolaeva, 2006)
- benefits of online purchasing of books (questions were adapted based on Bonera, 2011; Dholakia and Uusitalo, 2002; Joines et al., 2003; Laudon and Traver, 2015; Nikolaeva, 2006; Parker and Wang, 2016; Turban et al., 2015)
- obstacles of online purchasing of books (questions were adapted based on Petković et al., 2016; Strugar et al., 2011; Suh and Han, 2003; Šimičević et al., 2013)
- influential factors when deciding to buy books online (Eurostat, 2019; Ordun, 2015; Hume, 2010; Moreno et al., 2017)

Initial set of questions from the field of e-commerce and online purchasing was adjusted to fit for the books as a special product category product.

The survey was conducted in a period of 2 months, March and April 2018. The survey was conducted via electronic questionnaire form by using constraint snowball sampling method (see Baltar and Brunet, 2012; Wall Emerson, 2015). At the end, the gathered poll consisted of 177 answered and validated questionnaires from respondents in Croatia aged between 20 and 57 years. The structure of the sample is shown in Table 1.

Table 1

Sample Characteristics (N=177)

Characteristic	Option	Relative frequency
Gender	Male	42.9%
	Female	57.1%
	Total	100.0%
Age (Generation)	20-41 (generation Y)	72.9%
	42-57 (generation X)	27.1%
	Total	100.0%

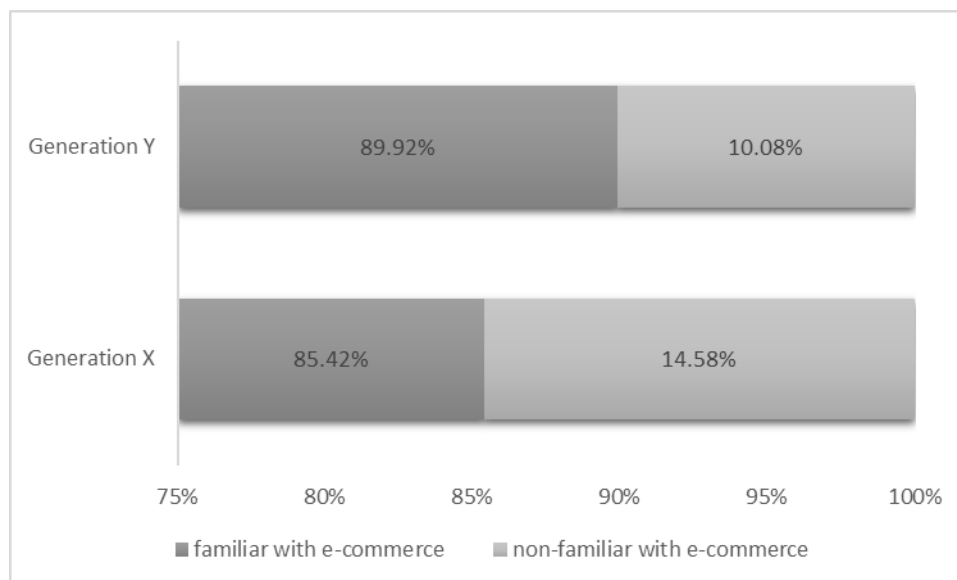
Source: Authors' work

Results and Discussion

For the purpose of this paper we analysed only 3 out of 15 questions from the survey. Those are questions on (1) general familiarity with the very concept of e-commerce (one-choice question), (2) utilization of online shopping (one-choice question), and (3) question on influential factors when buying books online (Likert scale question with 7 variables).

Figure 1 shows proportion of respondents according to their general knowledge on e-commerce as a concept. In both consumers' generations, number of those who claim that they are familiar with e-commerce is higher than 85%. The proportion at generation Y is higher and there is almost 90% of respondents who are familiar with e-commerce concept. However, when we tested the difference between two generations by application of Chi-squared test, p value was 0.3999. Therefore, we have to conclude that the observed difference between generation X and Y is not statically significant at 0.05 when we discuss their general knowledge on e-commerce.

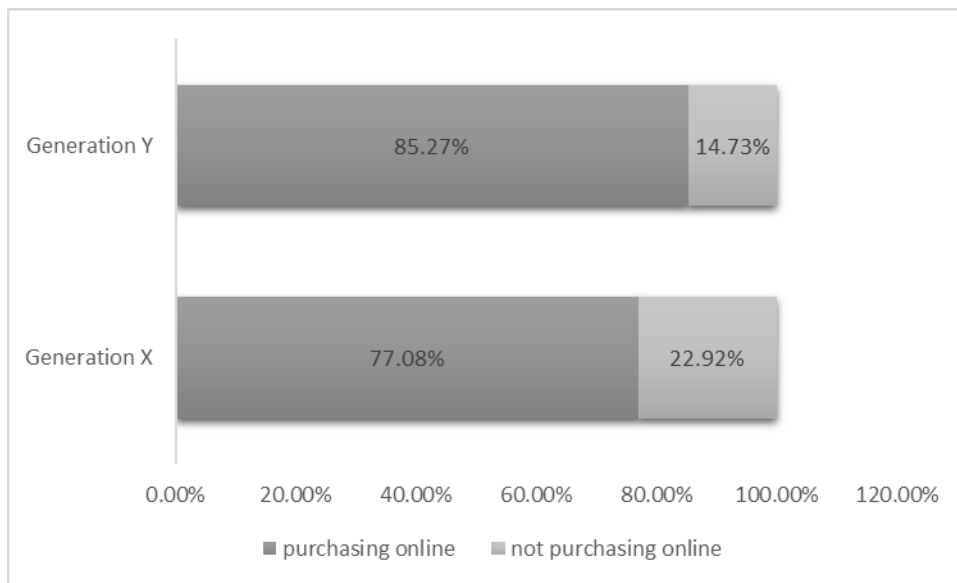
Figure 1
General Knowledge on E-Commerce



Source: Authors' illustration

In Figure 2 proportion of respondents who purchase online is shown versus those who do not purchase online. In both consumers' generations, we observe that there is more than three quarters of those who purchase online. Again, proportion is even higher for generation Y where it exceeds 85%. However, when we tested the difference between two generations by application of Chi-squared test, p-value was 0.1968. Therefore, we have to conclude that the observed difference between generation X and Y is not statically significant at 0.05 when we discuss their acceptance and utilization of online purchasing. This finding is in line with data presented by Eurostat (2019) where in younger generations there is 73% of online shoppers. Moreover, in Eurostat (2019) it is shown that in younger generations acceptance converge to the same proportion, i.e. that between generation 16-24 and 25-54 there is no difference in utilization of online purchasing, in both generation proportion of online shopper is 73% in 2018.

Figure 2
Online Purchasing



Source: Authors' illustration

In Table 2 we outline respondents' attitudes towards statements on influential factors on decision making when purchasing books online. In Figure 3 we present factors that are observed as relevant or completely relevant in both generations. In Figure 3 factors are ranked descending in accordance to attitudes observed in generation Y.

Table 2

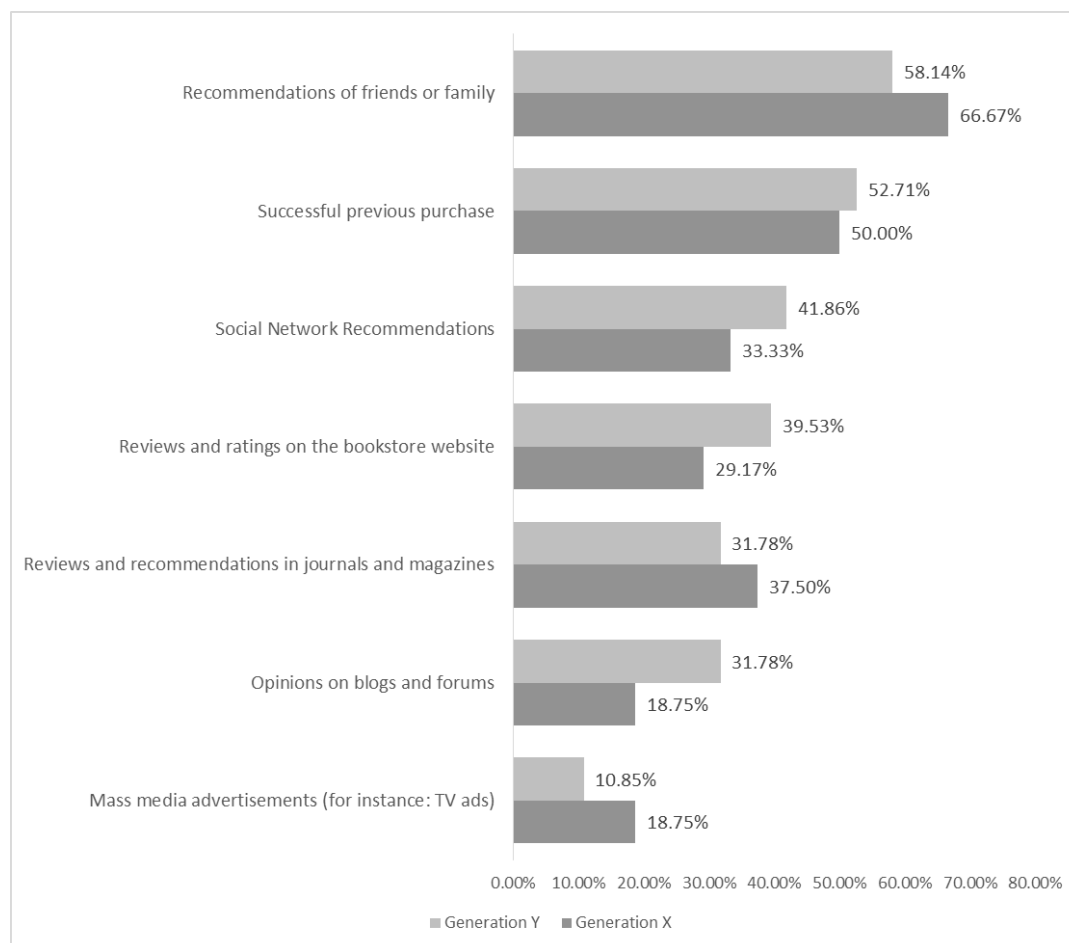
Statements on Influence on Decision Making when Purchasing Books Online (N=177)

Variables (Influential factors when purchasing books online)	Generation X		Generation Y		Chi- squared test p-value
	Average rating	Modal value (% of respondents)	Average rating	Modal value (% of respondents)	
Influential factors when purchasing books online					
Recommendations of friends or family	3.88	5 – completely relevant (31.50%)	3.67	4 – relevant (31.78%)	0.5367
Opinions on blogs and forums	2.56	3 – neutral (37.50%)	2.81	2 – irrelevant (27.91%)	0.1287
Mass media advertisements (for instance: TV ads)	2.44	3 – neutral (31.25%)	2.22	1 – completely irrelevant (31.01%) 2 – irrelevant (31.01%)	0.2530
Successful previous purchase	3.31	4 – relevant (37.50%)	3.42	4 – relevant (33.33%)	0.5065
Reviews and recommendations in journals and magazines	3.08	3 – neutral (33.33%)	2.95	3 – neutral (35.66%)	0.7694
Reviews and ratings on the bookstore website	2.81	3 – neutral (33.33%)	3.04	4 – relevant (27.91%)	0.4069
Social Network Recommendations	2.94	3 – neutral (37.50%)	3.10	5 – completely relevant (27.91%)	0.3305

Source: Authors' work

Figure 3

Variables Ranked by Proportion of Respondents That Find It Relevant or Completely Relevant (in Generation Y)



Source: Authors' work

According Table 2 and Figure 3, both generations find (1) recommendations of friends or family and (2) successful previous purchase as the most relevant factors when deciding which book to buy online. In generation X, the third influential factor are "Reviews and recommendations in journals and magazines" while other factors are not observed as relevant (their average rating is less than 3.00 and only less than one third of examinees express that given variable is relevant or completely relevant). For generation Y at the third position are "Social Network Recommendations" and on fourth "Reviews and ratings on the bookstore website" while other factors are not observed as relevant.

Finally, we applied Chi-squared test upon each given variable in order to test differences between two given generations of consumers. For each variable p-values were higher than 0.05 and 0.1 (see Table 2). Therefore, observed differences are not statistically significant nor at the confidence level 0.05 nor at level 0.1.

Conclusion

In online retailing books are usually high ranked product category when it comes on revenue generation and when it comes to number of customers utilizing online purchasing or willing to buy product category online. In the paper, we discussed three questions from the primary research conducted in 2018.

We can conclude that there is no statistically significant difference between generation X and Y for analysed questions. In both generations the concept of e-commerce is well known (more than 85% of respondents are familiar with e-commerce) and number of online shoppers exceeds three quarters of respondents. "Recommendations of friends or family" and "successful previous purchase" are recognized as the most relevant influential factors in both generations. While for generation Y relevant are "Social Network Recommendations" and "Reviews and ratings on the bookstore website" for generation X only "Reviews and recommendations in journals and magazines" are recognized as relevant. All other factors are not recognized as relevant neither for generation X neither for generation Y.

The limitations of the research are (1) the size of the sample, (2) the geographic reach of data collection (only one country – Croatia), (3) unequal number of representatives from consumers' generations. In future research sample should be broadened and geographically extended. Moreover, additional channels for data collection should be used in order to reach more representatives of generation X.

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About the authors

Ines Sosa Meštrović, MA is a PhD Candidate of the PhD study programme Economics and Global Security at the Faculty of Economics and Business, University of Zagreb. She is a project Leader in Pontifical mission societies in Croatia. The Pontifical Mission Societies is institution of the worldwide Catholic Church and exist in more than 120 countries around the world. She was a student assistant at the Department of Trade and Department of Informatics at the Faculty of Economics and Business University in Zagreb. Involved in the work of the research project "Implementation of international office standards in the business of the company, the chief researcher prof. Dr. Antun Kliment. The author can be contacted at inessosa@gmail.com.

Blaženka Knežević, Ph.D. is a Full professor at Faculty of Economics and Business, University of Zagreb, Croatia. She teaches courses: Retail information systems; Economics of electronic commerce; Trade and trade policy; Procurement management; Supplier relationship management. She participated in various scientific research projects and published more than 40 papers in conference proceedings, books and academic journals. She is a member of the editorial board of the Business Excellence Journal (BEJ) and advisory board of Entrepreneurial Business and Economics Review (EBER). She is the regular reviewer at several international scientific journals. The author can be contacted at bknezevic@efzg.hr.

Martina Falat, MA graduated at Faculty of Economics and Business, University of Zagreb 2018. Her research and professional topics are trade, trade management and electronic commerce. The author can be contacted at falat.martina2@gmail.com.