

Original Paper

Generation Y: Evidences from the Fast-Fashion Market and Implications for Targeting

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Abstract

This study, for the first time, empirically investigates the actual buying behaviour of Generation Y in a natural setting for fast-fashion consumption. The lack of external validity of existing research, conclusions based on convenience samples and artificial settings, affect the potential applications of previous findings. Conversely, we adopt an applied approach focusing on key variables in the field of consumer behaviour and compare Generation Y and Generation X in the same setting, along the same variables. We find that people in Generation Y are more prone to hedonism, use more word-of-mouth, are more willing to try novelties, are less price conscious and buy more expensive items, spending more money than the other age group. Although, their purchase behaviour in terms of frequency, repatronage intention and satisfaction are the same as Generation X; they also buy a comparable number of items. Our findings from the fast-fashion market help both academics and practitioners to target these consumers.

Keywords

Generation Y, fast-fashion, hedonism, utilitarianism

1. Background

There is a large cohort of people, born between 1977 and 1994 (Paul 2001), with significant spending power that deserve the attention of academics and marketers. This age group, estimated at approximately 20%-25% of the global population (US Census Bureau), is often referred to as Generation Y, and companies are striving to find ways to capture and retain the value associated with this market (Cui *et al.* 2003). Their spending power has been estimated at about 600 billion dollars in the US alone (Gronbach 2000). The literature has highlighted similarities between the individuals that make up Generation Y, showing that on average they are better educated, more self-assured, techno-literate, materialistic and receptive to new products than Generation X (Merrill 1999; Neuborne and Kerwin 1999; Morton 2001; Farris *et al.* 2002). In particular, their marketing know-how and brand

consciousness has been found to be high compared to previous generations (Novak *et al.*, 2006; Heaney, 2007), and being grown up in a materialistic-oriented society (Bakewell and Mitchell, 2003) they are also more consumption oriented and more involved in their purchases than previous generations (O'Donnel, 2006; Fernandez, 2009).

Previous works have shaped psychographic attitudes of Generation Y members, highlighting their values and attitudes and proposing possible consumption subgroups and decision-making styles (Nayyar 2001; Bakewell and Mitchell 2003). Though they have usually adopted a socio-psychological approach, typically relying on artificial settings and on university students as respondents (e.g., Wolburg and Pokrywczynski 2001; Cui *et al.* 2003). An applied perspective has been mostly neglected, so the question of how Generation Y behaves in a real, natural purchase setting has been left unanswered. Our study seeks to contribute to current knowledge and provide useful indications on the spending behavior of Generation Y'ers in a natural setting, through a quantitative investigation and comparison with the other generations.

The literature on Generational Theory has suggested that generational cohorts tend to develop similar attitudes and beliefs (Meriac *et al.*, 2010), and consequently similar approaches toward shopping (e.g., Meredith and Schewe, 2002). Marketing literature has shown that some consumers are goal-oriented: they shop based on rational necessity, seek cognitively oriented benefits and consider shopping a necessary task or an instrumental means to an end. By contrast, other consumers shop for fun, namely because they enjoy it, they want to be immersed in the shopping experience and they pursue sensory gratification and fun rather than efficiency (Holbrook and Hirschman 1982; Wolfinbarger and Gilly 2001; Wang *et al.* 2011). Hedonism and utilitarianism “*reflect the distinction between performing an act to get something as opposed to doing it because you love it*” (Babin *et al.* 1994, p. 645). Utilitarian behavior is ergic and task-related, whereas hedonic behavior is “*more subjective and personal than its utilitarian counterpart and results more from fun and playfulness than from task completion*” (Babin *et al.* 1994, p.646). Hedonism reflects the more ludic side of shopping. These different orientations towards shopping are usually classified in terms of utilitarianism and hedonism, and have been found to relate to consumers' loyalty, satisfaction, repatronage intention, word-of-mouth referral, proneness to spend and to try novelties (Babin *et al.* 1994; Scarpi 2012). In this analysis we investigate whether they are related to belongingness to a specific generation cohort.

2. Empirical Framework

2.1 Setting

Generation Y consumers represent a significant group for fashion purchases. Shopping for clothing is a prevailing activity for this group so they are often considered when investigating this context (Park *et al.* 2006; O'Cass and Choy 2008). Accordingly, this study is designed to analyze variables of consumer behavior in the fashion market. We selected two well-established Italian clothing manufacturers that are

also retailers in the fast-fashion segment of the market, Benetton and Stefanel, whose price range is accessible across different generations and income levels. For the purposes of this study, this allowed for a well-balanced sample of participants from different generations (see section below).

The two clothing brands chosen are widely regarded as traditional, while selling a large assortment of fashionable clothing items (Sull and Turconi 2008) and can be considered typical Italian specialty shops for fashion based on their presence in the territory. This assumption was tested in a pilot study where a sample of 100 randomly picked individuals (40% males) was asked to list the names of the first clothing shops that came to mind, excluding luxury boutiques. Stefanel and Benetton competed for the “top of the mind” position.

2.2 Data collection and Sample

Data were gathered through questionnaires administered in-store and to actual customers queuing at the cashiers to pay for their purchases. There was no interference during their shopping trip, as respondents were approached only after having finished their transaction. Collecting data on actual buyers, not mere shoppers, at the end of their transaction ensures that the context was left unbiased by interferences from the researchers. While this procedure does not allow to control for consumers’ life style and income, the brands selected in terms of market penetration, price range and image ensure that we are drawing the profile not just of one single segment (e.g., the well-educated and prosperous life-style echelons).

A sample of 300 respondents was collected from a large metropolitan area. Ages ranged from 19 to 65 years (mean 35.3; median 40); 59% were women; 80 belonged to Generation Y (60% women). These percentages reflect both the actual population of consumers within the sampled stores and the percentage of Generation Y in the Italian population (Istat 2011).

2.3 Method

We measured: 1-hedonism, 2-utilitarianism, 3-price consciousness, 4- purchase frequency in the recent past, 5- intention to re-patronize the store in the near future, 6-word-of-mouth, 7-willingness to try a new product, 8-satisfaction and 9-gender. By looking at the cashier screen and into the customer’s basket, we also measured: 10-how much money consumers had spent and 11- how many items they had purchased. Finally, 12- expensiveness of the item(s) purchased, compared to the merchandise available in the shop, was also taken into consideration.

Variables 1 to 8 were measured through a questionnaire based on five-point multi-item scales which, in some cases were adapted slightly from existing scales assessed in relevant literature (Hustad and Pessemier 1974; Griffin *et al.* 2000; Scarpi 2012). The selection of questionnaire items was guided by a pre-test involving about 97 individuals. Items correlating too highly (over .95), and items that failed to provide satisfactory factor loadings (<.30) were eliminated (Nunnally 1967).

The final scales yield a Cronbach’s alpha ranging between .75 and .85.

Respondents were divided into Generation Y and Generation X based on their age (cut-off: 35 years old). We investigated the effect of belonging to generation X or Y on the 12 considered variables.

The data were analyzed by means of Multivariate analysis of variance and the eta-squared were computed to check for the size of the effects. Were justified by the effect size, we performed univariate follow-up ANOVAs to pinpoint specific differences.

3. Results

Analysis of variance revealed overall differences among the generation cohorts on the levels of the considered variables, Wilks $\Lambda = .913^*$, $F(12, 298) = 2.768^*$, $p=.003$, $\eta_p^2 = .10$ (table 1). The effect size of the overall differences is very large and justifies univariate follow-up ANOVAs, to pinpoint the specific differences. The follow-up analyses highlight that respondents of Generation Y are more prone to hedonism, less utilitarian, engage more in word-of-mouth, are more willing to try novelties, are less price conscious, buy more expensive items and spend more money in the store than respondents belonging to Generation X, as reported in table 2. On the other hand, with regards to repatronage intention, purchase frequency and satisfaction, there emerge no significant differences between Generation Y and X. This is to say, members of Generation Y exhibit the same purchase frequency as members of Generation X, the same intention to come back to the store in the future, similar levels of customer satisfaction, and buy a comparable number of items.

Table 1. Means and standard deviations

	Generation X		Generation Y	
	Mean	St.Dev.	Mean	St.Dev.
Hedonism	3.28	1.11	3.70	1.12
Word of mouth	1.68	1.15	1.99	1.27
Utilitarianism	3.19	1.04	2.87	.95
Purchase frequency	1.52	.87	1.69	.85
Try new product	3.15	1.27	3.61	1.32
Re-patronize intention	3.62	1.16	3.56	1.20
Satisfaction	4.12	.59	4.00	.83
Expensiveness	2.45	1.19	2.95	1.45
Amount spent	2.65	1.44	3.15	1.35
Number of items bought	1.49	.84	1.65	.83
Price consciousness	3.78	1.07	3.26	1.18

Wilks $\Lambda = .913^*$, $F(12, 298) = 2.768^*$, $p=.003$, $\eta_p^2 = .10$

Table 2. Univariate follow-up ANOVAs

	df	F	Sig.
Hedonism	(1, 298)	8.398*	.004
Word of mouth	(1, 298)	4.854*	.025
Utilitarianism	(1, 298)	5.826*	.016
Try new product	(1, 298)	7.746*	.006

Expensiveness	(1, 298)	9.347*	.002
Amount spent	(1, 298)	7.177*	.008
Price consciousness	(1, 298)	7.177*	.008

Our data further show that gender has a significant effect only on price consciousness and expensiveness, with female consumers being less price conscious and buying more expensive items than males, in both age groups ($p < .05$).

4. Conclusions

This study sheds some light on the managerial implications of targeting the Generation Y segment, by looking at actual shopping behaviour using an applied perspective. Generation Y consumers represent an important challenge because traditional marketing methods seem unable to attract and to retain these individuals (Beverland and Ewing 2005; Sebor 2006), however, there is still little quantitative research into the behaviour of Generation Y. In this study we address this shortcoming and apply a generational approach, segmenting consumers utilizing generational cohorts to show whether there can be generation-dependent differences along a number of variables of key academic and managerial relevance. Differently from extant research, the analysis carried out in this study compares Generation Y and Generation X on real consumers in a natural setting.

By choosing the fast-fashion context, our evidence is likely not to be limited to a single specific segment of the market (e.g., the richest consumers), since the fast fashion stores typically target different age groups and income levels.

There are challenges to target Generation Y, and highly successful retailers are among the minority. On one hand, our findings provide empirical support to previous works that indicated behavioural differences between Generation Y and the other age groups, and contribute to research by measuring and quantifying some of those differences. On the other hand, although some literature tends to emphasize the differences between generations nearly suggesting they have little in common, our empirical data show that there are also similarities between Generation Y and Generation X, with respect to purchase frequency, intention to re-patronize the shop, overall satisfaction and the number of items purchased. This combined evidence suggests that the enthusiasm for the study of Generation Y is justified but should not entice experts and sociologists to treat this age group as a completely detached segment. Ranging nowadays from 18 to 35 years old, these individuals display more similarities to earlier generations, along some variables, than previously thought: differences may shift in time.

This research study offers two main conclusions: first, investigating actual behaviour is insightful and provides a more realistic picture of the generational cohorts, also leading to a more feasible managerial implementation of the findings. Second, by assessing critical variables for the two generations in the purchase of fashion goods, we show that the two generational cohorts are not completely different, so

that a segmentation solely based on demographical criteria cannot fully capture the nature of the differences between them.

The authors have done their best to provide a sound analysis of the behavior of Generation Y and X, based on a sample of real consumers in a natural setting using variables of key managerial relevance in the fast-fashion market. The question is left often whether the differences we found would hold true also in different markets, intrinsically characterized for instance by an lower degree of hedonism (e.g., grocery) or by a greater technical complexity (e.g., smartphones).

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