Consumptive Behavior in the Digital Era: A Literature Study on Generation Z and Millennials in E-Commerce

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ABSTRACT

This research aims to examine the consumptive behavior of Generation Z and Millennials in the use of E-Commerce in the digital era. The writing method uses a review of literature articles obtained through the Science and Technology Index (SINTA) Journal and Copernicus. The results show that in using e-commerce, Gen Z and Millennials show high interest in promotional elements such as competitive prices, attractive discounts, and *flash sale* programs. However, there are differences in preferences that reflect the characteristics of each generation.

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1. INTRODUCTION

In the midst of intensifying globalization, rapid advances in communication, information and transportation significantly have strengthened connection the between countries [1]. The development of modern technology has a broad impact on various aspects of human life and has become an essential element that is inseparable from daily activities. Technology does not only act as a tool, but becomes the foundation in shaping new patterns of life and work systems. In the context of the digital economy, this progress opens up great opportunities for the utilization of technology as an effective and efficient marketing tool. This transformation reflects a big leap in the Industrial Revolution 5.0 era, where the integration of information and communication technology is maximized to create high efficiency while encouraging the birth of innovative digital-based business models [2].

Technological advances have brought about a major transformation in the business world, especially through the use of the internet as a shopping medium. One form of online business that is experiencing rapid growth is e-commerce. In Indonesia, the use of e-commerce for shopping activities ranks first among the ten countries with the highest penetration [3]. This phenomenon marks the emergence of a new popular culture, namely online shopping, which is growing rapidly and is accompanied by the emergence of new digital-based media. Slowly but surely, online shopping activities have shaped new consumption patterns in society. Previously conventional and face-to-face shopping behavior is now shifting towards digital patterns that are more practical and flexible.

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The increasing trend of teenagers utilizing *e-commerce* as a means of shopping is a natural phenomenon in the context of their psychosocial development. In the adolescent phase, selfdiscovery is the characteristic that drives them towards various things, including in terms of lifestyle and digital consumption. Two generational groups that have a dominant role and high participation rate in online shopping activities are Generation Z and Millennials [4]. Generation Z is known to be highly adaptive to digital technology. This makes it easier for them to interact with brands they are interested in through digital platforms. Meanwhile, the Millennial Generation or Generation Y is characterized by high intensity of technology use and close proximity to digital communication media. These characteristics make millennials active consumers in the growing use of *e-commerce*.

Millennials and Generation Z are two generational groups that have grown up amidst the advancement of digital technology However, there are fundamental differences in their experience of technological era. Millennials experienced the transition from the traditional era to the digital era, so they have a broader perspective in responding to changes, including in consumption patterns. Generation Z, on the other hand, has fully grown up in the digital era, shaping them as individuals with high digital competence and strong entrepreneurial spirit. They not only utilize *e*commerce as a means of consumption, but also make it a potential platform to realize innovative business ideas. The presence of various e- commerce platforms such as Shopee, Tokopedia, Lazada, Blibli, and Bukalapak not only provides convenience in transactions, opens also but up new economic opportunities for both individuals and groups to engage in digital entrepreneurial activities [5].

2. LITERATURE REVIEW

2.1 Consumer Behavior

Consumer behavior is the process of making individual decisions in meeting needs through the purchase of a product or service [6]. The decision is influenced by two main factors, namely internal factors which include emotional and motivational aspects, as well as external factors such as the social environment and economic conditions. Consumer behavior can also be understood as a series of activities carried out by consumers in identifying needs, considering alternatives, and making purchasing decisions that are influenced by personal and environmental contexts.

2.2 E-Commerce

E-commerce is a transaction system that utilizes digital media, such as the internet and other electronic devices, as the main means of buying and selling activities [7]. The concept of e-commerce is not only limited to the activity of buying and selling products online, but includes a whole series of business processes, ranging from product development, marketing strategies, sales distribution, transactions, customer service, to payment systems.

2.3 Generation Z

Generation *Z*, also known as the *iGeneration* or internet generation, is a group born between 1995 and 2010 [8]. This generation grew up in a highly digitized environment, where technology has become an integral part of everyday life. Characteristics of Generation *Z* include multitasking proficiency, a penchant for practical innovation, and an openness to social and cultural diversity.

2.4 Millenials

The Millennial Generation, or Gen Y, includes individuals born between early 1981 and the year 2000 [9]. This generation is also referred to as the *Net Generation*, *Generation WE*, or *the Peter Pan Generation*. It is called the millennial generation because they witnessed and participated

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in a major transition at the turn of the millennium, and grew up in an era of globalization marked by the rapid development of information technology, social media, and digital connectivity.

3. METHODS

This research uses the literature review method as the main approach to gain a comprehensive understanding of the topic under study. The initial stage began with determining the focus of the study as a basis exploration. After the topic determined, researchers conducted literature study through various scientific sources, such as relevant journals and academic articles. The information obtained was then critically analyzed and evaluated theory, based on and organized systematically in the form of a narrative. This process ends with drawing conclusions that summarize the main findings as a result of the literature analysis that has been conducted.

4. RESULTS AND DISCUSSION

Marketing strategies play a crucial role in shaping Generation Z's consumptive behavior in the context of using e-commerce platforms [1]; [3]; [5]; [6]; [8]; [10]; [11]; [12]; [13]; [7]; [14]. The implementation of promotional schemes such as discounts and flash sales has proven to be a highly effective approach in stimulating the buying interest of this generational group. The effectiveness of these strategies is further strengthened by the use of endorsements from influencers, who act persuasive agents in influencing purchasing decisions. To optimize marketing results, marketplace businesses need to integrate the three promotional elements synergistically [6]. A marketing strategy that combines periodic discounts, strategically designed *flash sales*, and collaboration with relevant influencers is believed to have a significant impact on increasing sales while strengthening consumer loyalty, especially among Generation Z.

Generation Z's propensity to interact online suggests that this group is more active

in digital engagement and tends to have more immersive experiences [11]. As a generation that has grown up with social media, they highly value the interactive aspect and sense of community in a digital environment, especially in the context of mobile-based commerce. The transformation from conventional commerce systems to commerce has become an integral part of digital business in Generation Z's lives. In their shopping activities, Generation Z relies heavily on digital platforms, where factors such as price, delivery location, and exposure to digital advertising have a strong influence on their shopping preferences and behavior. Being highly responsive to visual content and digital media-based communication, Gen Z is an ideal target for social media-based marketing strategies [12]. They are more easily influenced by recommendations from peers, influencer figures, and content creators than conventional advertising approaches.

Repeat purchase by consumers is one of the main goals of business strategy in the marketplace, as it directly contributes to increasing the number of loyal customers [14]. Generation Z, which is known for its high curiosity, strong interest in new things, and proficiency in using digital applications (appfriendly), tends to make impulsive repurchases for both products they need and simply want. It is not uncommon for this consumptive behavior to be repeated even after regretting the purchase decision. This pattern shows that Generation Z's impulsive behavior in online shopping is an important phenomenon that needs to be observed by digital businesses in designing sustainable marketing strategies [7].

Innovative selling schemes play a strategic role in influencing Millennials' consumptive behavior in utilizing *e-commerce* platforms [2]; [4]; [9]; [15]; [16]; [17]; [18]; [19]; [20]. As active digital consumers, this generation tends to be influenced by a number of psychological factors, including price perception, promotional programs, and discount offers that can encourage impulse buying tendencies. When the price offered is considered comparable to the quality of the

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product, this will strengthen consumer interest in making purchases through *e-commerce* sites [18]. The higher the perception of suitability between price and product value, the greater the Millennial Generation's tendency to make transactions on the marketplace platform.

The features provided by digital sellers act as a strategy to facilitate transactions, thus attracting Millennials to shop online [19]. In addition, the existence of various electronic payment options that are increasingly developing in the Indonesian market also has a positive and significant influence on this generation's purchasing decisions. However, although these features can support the transaction process, the level of utilization is still not optimal due to certain obstacles.

Millennials' level of trust in ecommerce sites also influences their consumptive attitude in conducting online transactions [4]. Before making a purchase decision, they tend to refer to indirect reference groups, such as customer reviews or product reviewers. These references play an important role because they are considered to be able to provide a real picture of the quality and satisfaction of the products offered. These reviews are generally available through special features provided by e-commerce platforms, which serve as a means to evaluate the level of consumer satisfaction. More than that, this feature is also an important indicator to measure the extent of conformity between the advertised product and the goods received by consumers. Thus, the previous level of consumer satisfaction is a significant factor in influencing the Millennial Generation's purchasing decisions [17].

On the other hand, *brand* image has a significant influence on impulse buying behavior among Millennials [20]. Millennials show a tendency to seek products or services through *e- commerce* platforms that already have a strong brand reputation. Sellers on marketplace platforms strategically utilize the power of *brand image* which has high symbolic value in the eyes of consumers [15]. This strategy is able to generate emotional

impulses, especially the *fear of missing out on* the latest trends or products (*fear of missing out*) which ultimately encourages consumers to make purchases immediately. In addition, ownership of products from well-known brands is also associated with increased self-confidence, because these products are considered to support self-image when appearing in public spaces. This phenomenon suggests that brand and lifestyle perceptions play a central role in shaping Millennials' consumption preferences.

5. CONCLUSION

Based on the analyzed findings, it can be concluded that both Generation Z and Millennials show high interest in promotional elements such as competitive prices, attractive discounts, and *flash sale* programs as the main triggers in making purchasing decisions on ecommerce platforms. However, there are differences in preferences that reflect the characteristics of each generation. Generation Z, which is very familiar with technology and social media, is more responsive to marketing approaches that involve influencers or content creators as agents of persuasion. Meanwhile, Millennials tend to consider additional rational factors such as reviews or ratings from previous consumers and brand image in building trust in the product to be purchased.

After identifying a targeted marketing strategy, online businesses can revisit the business model used by leading to the integration of the Industrial Revolution 5.0 concept. In the context of e-commerce, the Industrial Revolution 5.0 opens opportunities to create a more personalized and sustainable shopping experience. The application of technologies such as artificial intelligence (AI), Internet of Things (IoT), and big data allows marketplace platforms to recognize consumer preferences more deeply and present products and services tailored to individual needs. To Reaching consumers from Generation Z and Millennials, the groups that dominate online shopping transactions, online stores are required to deliver responsive, high-quality websites and design innovative marketing strategies. These strategies must effectively communicate the economic, social and functional value of the product or service to build consumer engagement and loyalty.

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