

Determinants of Generation Z Purchase Behavior: Implications for Brand Loyalty and Retention

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Abstract. Generation Z has gradually become one of the most influential consumer groups in the world today. Generation Z's communication and selection process for brands have changed significantly since they have been growing up in an era of easy access to the internet, mobile phones and social media. Thus, the reasons for consumers' loyalty at present may not be the same as those reported in prior studies of consumer behaviour. Based on the previous research and cases of well-known brands such as Nike, Spotify and Glossier, this paper investigates the reasons for Generation Z's brand loyalty. Instead of using a survey to learn about the behaviour of young people, this paper will investigate which brands have succeeded in attracting their attention and why they have achieved this. Based on the above studies, the reasons for customer loyalty are not limited to high-quality products and frequent purchases. Generation Z consumers will be more loyal to a brand if they feel that the brand is in line with their values, provides personalised services, fosters a sense of community and communicates well online. Based on the results of the above study, this paper puts forward a four-part system to investigate how the aforementioned factors work together to promote stable brand loyalty. The system will help enterprises better understand the needs of Generation Z consumers and adapt their marketing strategies to a digital era in this study.

Keywords: Generation Z, Brand Loyalty, Consumer Behavior, Digital Marketing, Brand Authenticity

1. Introduction

1.1. Research background

Over the years, Generation Z has become one of the most influential consumer groups in the world today. Generally speaking, people born between 1997 and 2012 are now about 32% of the world's population [1, 2]. As more members of Generation Z reach their prime and become financially independent, many enterprises have begun to pay closer attention to where the young people's money goes.

Generation Z has never known a time without mobile phones, social media and high-speed internet; they are not the older generation. Now, people use these technologies to communicate and learn about all kinds of goods and services, and then they choose to purchase them. Many

consumers are not regularly exposed to advertisements and may first learn about a brand through online reviews, social media posts, recommendations from influencers and other customers' experiences before deciding whether to purchase it [3].

Therefore, the idea of brand loyalty has changed. Loyalty used to be associated with customer satisfaction and trust, and repeat purchases were common [4, 5]. Although the above factors are still relevant, they do not account for all of them. Nowadays, people are more aware of a company's values and behaviour due to the internet. If the brand's behaviour is inconsistent with what the public expects, people will post about it online and possibly choose not to buy from that company.

Due to the above changes, people have learned more about the loyalty of Generation Z. If a company continues to use only the old way of marketing, it will be difficult to connect with young people anymore. Research on the reasons behind changes in Gen Z's Consumption Patterns can provide reference points for others.

1.2. Research purpose and significance

What kind of Generation Z people are in the current digital market, and how does it affect brand loyalty? In addition to the purchase intention, other factors that may influence consumer emotions towards a brand over time in this study include authenticity, personalisation, social values and online participation.

The Study has certain academic and practical values. From an academic standpoint, it investigates whether the old ideas of brand loyalty are still appropriate for a generation that has grown up in an era of digital technology. The company will learn some ways to motivate the new generation of young people to join it and remain with the company longer. Many previous studies have described the characteristics of Generation Z, but few have examined how these qualities directly affect long-term loyalty in different areas and abroad.

1.3. Research methods

A Qualitative Research Approach Was Used in This Study. Based on the above, this paper will examine what has been done previously and compare the three prominent brands of Nike, Spotify and Glossier. Research papers, market reports and industry publications released from 2015 to 2025 were studied to learn about the general trends in Generation Z's consumption behavior and brand loyalty.

The three cases were selected because they showed different ways of involving young consumers. Nike promotes values through the brand; Spotify offers personalisation for users; Glossier has built a community of customers. Compare the above companies to find some common features and also learn how different brands have been developed.

The six sections of this paper are as follows. Section 2 introduces the traits of Generation Z consumers and reviews prior studies on brand loyalty. Section 3 introduces the three case studies, and in Section 4, a new framework is proposed based on the results. Section 5 proposes future marketing plans, and Section 6 presents the main contents of this paper and suggests possible research directions.

2. Generation Z consumer characteristics and brand expectations

2.1. Defining Generation Z

Although different researchers often use slightly different birth years, Generation Z is generally referred to as people born between 1997 and 2012 [1].

The first difference among this generation is their age, but more importantly, it is also the kind of environment in which they have grown up. Generation Z has always had access to 3C devices, the Internet, smartphones and social media since the previous generation. Digital technology has been around Generation Z their whole lives, and now they use it to talk and learn [6].

Research on Generation Z has shown several characteristics of consumers in this generation compared with older generations. In general, the trait of these people is a lack of trust in advertising. Generation Z has grown up in an environment full of online fake news, sponsored content and influencer marketing, and because of all this, they are often suspicious of a brand's truthfulness and sincerity. Generation Z does not believe advertisements immediately, and before purchasing any goods, they will gather information from multiple places [7]. Other studies have found that Generation Z consumers are also very concerned about a company's values and behaviour. They are more likely to be concerned about how the company handles social problems and environmental protection, and such behaviour may change whether Generation Z continues to support the company. Deloitte's 2021 Global Millennial Survey reported that 57 per cent of Generation Z consumers know what a company does to give back to society and help the environment before they buy something [8]. Therefore, the results show that a brand's reputation and values are strong predictors of purchase intention, and in some cases, the company's values may have a greater impact than the product itself.

Generation Z's Media Consumption is not the same as older generations'. Do not use a single or two platforms; regularly switch between various devices, social media sites and applications. Many Generation Z consumers use multiple screens simultaneously and generally obtain information in short bursts rather than continuously over a long period [3]. As people are in a hurry, the brand does not have much time to impress them.

Generation Z wants more personalised online life. TikTok, Spotify, Netflix and Instagram all recommend content according to the users' interests and past behaviour, and algorithms are used to determine what kind of content each user will likely be interested in. Generation Z is regularly recommended personalised products online, so they have become accustomed to personalised online services. Now, people of Generation Z expect more than just fun from brands and products; they want personalisation as well [9].

2.2. Rethinking brand loyalty for Generation Z

Characteristics of Generation Z affect both their shopping behaviour and the construction of brand loyalty. Many older consumers developed a sense of loyalty gradually due to habit, convenience, familiarity and years of good experiences. For example, an older customer may continue to shop at the same supermarket or use the same bank because it is familiar and trustworthy. Generation Z is exposed to many other brands and choices online, and as they are simple to switch between, some members of Generation Z will leave a brand that no longer meets their expectations relatively easily. They may leave for another company that can provide them with better customer service, more suitable products and services, or better values alignment. A typical case is that a Generation Z consumer who receives poor customer service posts about the experience on social media, warns other consumers, stops supporting the company, and chooses to switch to another brand. Generation

Z can also form a sense of loyalty to a company relatively quickly. The brand may also organise or support popular social activities and charity events actively. This type of loyalty may develop more rapidly than the other kinds.

Given the changes in the value system for brand loyalty among Generation Z that have been noted above, a new research problem has arisen: Are the old theories of brand loyalty still applicable in explaining how Generation Z maintains a long-term relationship with brands?

Many traditional theories of brand loyalty have been proposed. Oliver's model is one of the most well-known traditional theories. The four stages of the model for the development of loyalty are cognitive loyalty, affective loyalty, conative loyalty and action loyalty. Based on the above model, consumers gradually develop a sense of brand loyalty through repeated positive experiences with that brand [4]. Oliver's framework is still valid, but Generation Z's sense of loyalty or disloyalty has been affected by the digital environment at a different speed.

Social media spreads news and opinions of the company very rapidly. A company can face widespread condemnation within a few hours after taking actions inconsistent with its own values, and thus rapidly lose the confidence of the public. At the same time, a brand can also form a strong connection with Generation Z by speaking honestly, openly responding to criticism and feedback, and supporting causes that matter to this generation [10].

Now, Generation Z's loyalty is no longer solely about customer satisfaction and repeated purchases of a single brand. Other reasons are that they are real, have shared values and meaningful online interactions; thus, people feel more connected to the brand emotionally. Although the traditional theories of loyalty still provide a basic foundation, they need to be extended to cover the expectations and behaviour of the new generation of Z.

3. Case studies in Generation Z brand engagement

3.1. Nike

Nike is a representative case of a brand that has successfully connected with Generation Z in recent years. Although the company is most famous for its sportswear, its popularity among young people stems from many other sources. Nike has always promoted the concept of values and stories to resonate more deeply with young people and thus gain the support of younger generations.

One of Nike's well-known 2018 campaigns that gained widespread attention around the world was the one featuring former NFL quarterback Colin Kaepernick. Kaepernick had become a public figure after protesting racial injustice, so many people thought the company would suffer bad publicity. Nike's online sales among people under 35 in the week after the campaign rose by 31% instead [11]. Although some customers were dissatisfied with Nike's selection, many young people were glad to see that the company would support a cause close to their hearts publicly.

This is a typical case of Generation Z. Recently, people have begun to think about whether a company's behaviour is consistent with its values, rather than just how good the products are and how cheap they are. A brand that is real rather than fashionable will gain the trust of the people.

Nike is also using many ways to interact with consumers in the new digital space after they buy the products. Nike By You can be used to customise a product according to one's own wishes, and the Nike Training Club app offers free exercise instructions and training plans. The above attributes will enable the development of an ongoing relationship and expand the scope of the connection beyond a single purchase. Many Generation Z consumers feel that this continuous interaction makes the brand feel more personal and relevant.

3.2. Spotify

Spotify builds its user base primarily through a good user experience, not Nike. Based on how a user listens, the system will recommend other popular songs in a playlist. "Discover Weekly", "Daily Mixes" and "Release Radar" are all intended to make each user's account unique.

Spotify Wrapped is one of the most popular trends each year from around October to December. At the end of each year, this function will show a summary of a user's listening history. Spotify has created many colourful and interactive charts to present the data, which are also easy to share on social media, rather than using a dull table. At the end of each year, millions of users voluntarily post their Wrapped results online to spread the word through word-of-mouth without the need for traditional advertising.

Generation Z wants to be able to show a part of their identity, and Spotify Wrapped can do that. Music is close to people's personalities, and sharing listening habits has become one of the ways many Generation Z consumers connect with friends online. Spotify does not inform the public directly; rather, it has had users participate in the promotion of the service.

According to the 2023 Annual Report of Spotify, Generation Z makes up more than 30% of its monthly active users and has a higher retention rate than many older age groups [12]. Therefore, personalisation can motivate people to continue using the service for a long time. Rather than making it difficult for users to leave, Spotify offers them various reasons to stay and return frequently through relevant and enjoyable experiences [13].

3.3. Glossier

Glossier is not the same as Nike and Spotify. Instead of promoting large-scale advertising or high-tech solutions, the beauty brand has inspired consumers to participate in the development of the brand.

Glossier did not use famous people for promotion at the beginning and featured real users instead. Influencers and other users of Glossier products have posted about their experiences and beauty routines on Instagram, shared pictures of the products, makeup tutorials and skincare routines. As it was based on actual users' experiences rather than professional promotion, it appeared more genuine and trustworthy to Generation Z.

Thus, the two goals were achieved. By 2019, Glossier had been spreading the word about itself through word-of-mouth for about 90% of its revenue [14]. Instead of investing a large sum in traditional advertising, the company had happy customers spread the word for the products naturally in their own online communities.

Glossier is also popular because many customers feel that the company is developing along with them. As audiences interact on social media and in daily life, they have been able to share their thoughts and concerns about the future of Glossier with the company. Thus, they will be more likely to participate in future activities as they feel acknowledged by the company.

For Generation Z, purchasing a product from a brand may also be about something else. It is also to join a group of people who have the same interests and values. Glossier knows now that, to interest the public for a longer period, it should build a participatory culture.

3.4. Comparison of the three case studies

As shown in the above figures, Nike, Spotify and Glossier belong to different industries but all use the same strategies to attract Generation Z consumers.

First, it should be real. Nike has built the public's trust through social responsibility, and Glossier is based on real-life customer experiences shared online. Spotify is authentic in another way; it does not use traditional advertising and provides personalisation.

Secondly, they will also be aware of changes in the user. All the companies are encouraging consumers to participate in various ways, such as personalised products, sharing Spotify Wrapped, and creating beauty content online. Instead of being passive consumers of the brand, these brands have made the customers active subjects of the brand experience.

Finally, the three companies have all indicated that loyalty is no longer about frequent purchases. Audiences will be more likely to continue to be involved in the brands that give them a good life and align with their values through all sorts of long-term participation opportunities. The above are the reasons why the new framework will be introduced in the next part.

4. A revised framework for Generation Z brand loyalty

Based on the above literature analysis and case studies, the traditional theory of brand loyalty does not fully explain how Generation Z relates to brands. Traditional factors are still to some extent relevant, such as customer satisfaction and repeat purchases; however, these two factors fail to explain why Generation Z is loyal to a particular brand, as they value trust, shared values, meaningful interactions with a brand, and personalised experiences more highly. This paper puts forward a new system for investigating the sense of brand loyalty among Generation Z. Traditional frameworks generally judge brand loyalty based on whether customers continue to purchase the products, but the new framework considers four key reasons why young people are still supported by a brand: genuine values alignment, personalised experience, digital fluency and community participation.

The first is alignment with actual values. Generation Z hopes that a brand will be truthful, open and consistent; therefore, the brand's marketing messages should align with its actual behaviour. Generation Z can easily find online information about the company's business, public opinion of the company, responses to social and environmental problems, and efforts in social responsibility. This information helps Generation Z decide whether the company supports the values it promotes in a short amount of time. If a company promotes certain values but does not live up to them, Generation Z will feel that it is inauthentic and thus lose trust in that brand.

The second is community integration. Many Generation Z consumers want to feel a connection with a brand, and they do not simply wish for a relationship with a company centered on product consumption. Build a brand community and motivate users to share their experiences with the product and post reviews. Glossier is a typical case. Glossier has invited its customers to join the brand and create some content. This participation gives the consumers a stronger sense of belonging and also fosters a greater sense of community, thus extending their loyalty for a longer time.

The third is personalisation of experience. Generation Z wants more personalisation now. Younger consumers frequently use digital platforms that recommend content based on four factors: algorithmically derived data, individual interests, previous behaviour and personal interests. Spotify is a typical case of a personalised-use brand. Spotify will recommend music and other content based on the user's listening habits to give that person a sense of recognition and understanding. If the brand can meet all the demands of different groups of people, these people will continue to be customers.

The fourth is digital literacy. Generation Z has grown up using digital devices and online platforms, and the young people in this generation spend a considerable amount of time on social media and other websites daily. Therefore, brands need to know how to use the various channels on

the Internet to connect with younger generations and win their hearts. The company's information should be the same on all websites, and it needs to be interesting, responsive to comments and questions, and actively maintained. If a brand does not speak the language of the platforms where Generation Z lives, it will lose their interest.

In short, the four factors are more all-encompassing in explaining why Generation Z is loyal to a brand. The old loyalty theories are still valid and should not be completely ignored; however, the new system meets the demands of Generation Z, their consumption habits, their digital-native background, and the large-scale changes in contemporary society better. In the future, other scholars may conduct experiments in various countries and industries to see if this system can be generalised [15].

5. Future development suggestions

Generation Z is becoming economically and financially stronger gradually. Brands that want to gain the trust of this generation need to be prepared for changes in their expectations in the future. These strategies can be used together with the four-part system in Section 4.

First, the brand can use artificial intelligence to create a personalised shopping experience and inform the user that it is powered by technology. Research shows that Generation Z consumers are more willing to be included in AI-powered shopping experience improvement or modification programmes by brands. Customers are reluctant to use AI because they are worried that it may be too persuasive, controlling, invasive or secretive [6]. For example, a brand can say that a recommendation is based on what the customer has bought previously. This explanation is more suitable; it will make the consumer feel that the recommendation is based on their own past purchase history and is therefore less intrusive than new data collection. Transparency can turn the convenience of an algorithm into consumer trust; otherwise, without transparency, personalisation would be met with suspicion.

Second, Sustainability needs to be incorporated into the brand's core product plan rather than only used for promotion. Generation Z's willingness to buy technology and lifestyle products is now determined by three factors: the long-term stability of the brand, the trust that has been established in the brand, and the quality of its online experience. Sustainability is not a sufficient reason for purchase [15]. Rather than adding a "sustainable" label to the product, the brand can build a reuse-and-recycle system in the production process, use environmentally friendly packaging, and promote green sourcing. Provide credible data to support the environmental claims of the company, such as third-party certifications and open-source supply chain reports.

Third, involve Generation Z consumers in the production of products and stop treating the younger generation as passive recipients. A typical case is Glossier's community-based model, and it has shown the advantages of customer participation. Companies in other industries have also involved Generation Z in the initial stages of product development. Possible co-creation activities include accepting designs and ideas submitted by customers, holding a design competition, and letting customers vote for a limited-edition product. The above activities can help consumers feel a sense of belonging to the group of users and fans of the brand, thereby boosting their loyalty.

Fourthly, Generation Z has expanded the forms of media consumption, platforms, devices and applications considerably. Therefore, the brand should keep the same identity at all times, and the following four elements need to be consistent across all platforms: tone, values, core messages, and visual systems. A customer may use the same brand across mobile apps, AI-driven shopping assistants and short-video platforms, and these different experiences should still feel cohesive and

unified under the same brand. Disjointed Communication may lead Gen Z consumers to believe the brand is not genuine [9].

Fifth, Culture for Generation Z is becoming more globalized. Online platforms can now affect consumers in many countries around the world, and these influences originate from outside the West. Overseas entertainment and social media have changed the demand for consumers globally. Strategies that started in the West for Western consumers may not be suitable for other countries. The three Directions for adjusting the brand strategy are local cultural values, diverse consumer demands and regional social media platforms. At the same time, there should be a uniform worldwide image of the brand. These want to show the people in different areas that their regions are understood and respected and still keep the good image of the brand. The brands that are likely to win the loyalty of Generation Z in the next decade will do so by employing several strategies simultaneously, and they will be unified under a single values-based brand strategy: co-creation, cross-platform consistency, cultural flexibility, personalisation, and sustainability.

6. Conclusion

Generation Z is the new group of consumers. The three reasons for its strong brand loyalty are: growing up in an era of digital technology, a deep sense of social and personal values, and a desire for community. Nike, Spotify and Glossier are the three brands of the research subjects. The old loyalty model still provides some references, but it cannot fully explain the all-encompassing connection between Generation Z and brands.

The four main reasons are community participation, authentic value congruence, personalised experience, and digital literacy. This system provides a theoretical foundation for Gen Z's brand loyalty and offers some practical references for all brands around the world looking to win over the younger generation. The brand will suffer damage if it believes that loyalty is a type of consumer behaviour subject to regulation. Generation Z will be more receptive to brands that can evoke a sense of connection through honesty, purpose, community spirit and shared values. Therefore, a brand that can build these relationships effectively will be well-received by Generation Z.

This study has the following deficiencies. It is only in terms of quality, and no significant quantitative data for testing the new framework are available. The three case studies are brands that originated in Western countries, so the results may not fully represent Generation Z consumers from all over the world or in different countries.

Future research will explore the loyalty of Generation Z in Asia. Possible areas of research include the impact of WeChat, LINE, K-pop culture and idol culture on brand relationships in the Asia-Pacific region. This study may show that the sense of loyalty among Generation Z varies by culture.

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