FBMS Journal of Family Business and Management Studies
ISSN 2821-9643 (online) Volume 14 Number 1, January-June 2022

Delivering Value to Generation Z: Uncovering Channel, Pricing, and Advocacy Preferences Within Thailand

Received: 24.04.2022
Revised: 14.05. 2022
Accepted: 15.05. 2022

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Abstract

The purpose of this exploratory study is to investigate approaches to deliver value to Generation Z consumers, born from 1995 to 2010. The study employed a quantitative research methodology through survey questionnaires, completed by 105 respondents in Thailand, to understand Generation Z's channel preferences, online purchasing motivations and behaviors, and their likelihood of becoming customer advocates. In addition, an experiment was performed to investigate the efficacy of partitioned and bundled prices. It appears that the COVID-19 pandemic has encouraged an increase in Generation Z consumers' use of online purchasing channels. Irrespectively, both offline and online channels are still preferred with convenience serving as the key motivation for purchasing online. Food and beverages are highlighted as the major online purchase category. With respect to Generation Z's responses to pricing, a bundled price elicits a greater positive attitude towards the offering than partitioned prices. In addition, there is a strong positive relationship between consumer attitudes and their purchase intentions and, subsequently, between their purchase intentions and the likelihood for providing consumer recommendations. Therefore, firms are recommended to use omnichannel marketing and a bundled price in order to deliver high perceived value to Generation Z consumers. Within Thailand, retailers of food, beverages, and clothing particularly benefit from marketing and selling their goods online.

Keywords: Bundled price, Channel, Customer advocacy, Generation Z, Partitioned price, Word of mouth recommendation

Introduction

The spread of COVID-19 has resulted in a 'new normal' lifestyle for people around the world. In fact, the pandemic has accelerated the adoption of technology in our daily life because people in various countries have been facing intermittent lockdowns. Adults work from home, while students learn online. It is apparent that many people have become more adept in using technology during the pandemic. One of the consequences of quarantine and work from home is that Thai people have learned to adopt and utilize various technologies across their lifestyles, including teaching and learning programs, entertainment, gaming and interpersonal communication channels, relaxation needs, financial services, and shopping tasks (Chayomchai et al., 2020). In May 2020, a survey exploring the impact of the COVID-19 pandemic upon the online purchasing behavior in Thailand revealed that 61% of consumers reported greater purchasing volumes (Statista, 2020).

If more and more consumers are relying more on online channels to satisfy their purchase decisions, it is therefore increasingly important for marketers to embrace online channels and understand how to better deliver value to customers via online channels. The current study focuses on exploring and developing our understanding regarding the consumer attitude and behaviors of a specific age cohort – namely the emergent Generation Z within our marketplace. Members of this age cohort were born from 1995 to 2010 and have been exposed to digital technology since early childhood (Francis & Hoefel, 2018). Currently, in 2022, this generation range from 12 to 27 years of age. Older members of this age cohort already participate in the workforce with higher levels of purchasing power. Since Generation Z were born when the internet had already become mainstream, they are considered the very first digital natives; moreover, today, they are the largest generation globally (Kotler et al., 2021). Generation Z consumers deserve attention from marketers not only because of their openness to embrace technology, but also because of this potentially significant market segment size. According to a 2019 Bloomberg report, Generation Z made up almost a third (32%) of the global population (Verma et al., 2020).

In the field of marketing, there are scarce empirical studies of Generation Z (Verma et al., 2020), especially the shopping orientation of Generation Z in the Asian context (Thangavel et al., 2019). To the best of the lead researcher's knowledge, to date, Generation Z consumers within Thailand have attracted little attention from researchers regarding the domains of channel, pricing, and brand or product advocacy preferences. Thus, the current exploratory study has adopted three main objectives to enable a better understanding towards consumers in this age cohort within the context of Thailand.

First, it seeks to understand the channel preferences of Generation Z during the COVID-19 pandemic, namely whether there is an increase in the use of online purchasing channels, the motivation for using online channels, the categories of key goods purchased online, and the preference towards physical stores compared with those online. It is important for firms to understand the channel preference of consumers, as online and offline channels present different benefits and drawbacks to both firms and consumers. For instance, the existence of offline stores has an awareness-driving effect and attracts new customers (Wang & Goldfarb, 2017). Notwithstanding the awareness generating impact, managing both online and offline channels is costly for small retailers and can result in declining sales (Ansari et al., 2008) and lower profits (Ofek et al., 2011).

Secondly, the study seeks to examine how Generation Z consumers respond to two different online pricing tactics, particularly, partitioned prices of the product and its shipping charge compared to a bundled price of the product and its associated shipping charge. It is important for firms to understand how to frame the shipping charge effectively; this is because when consumers buy non digital products, the shipping charge is a mandatory price component, in addition to the price of the base product (Chatterjee, 2011). However, shipping charges are perceived to be a disutility for consumers because they do not provide additional value to the core product but increase the cost of the product acquisition (Schindler et al., 2005). Interestingly, research already suggests that Generation Z places high importance upon the price component of the marketing mix. For example, Generation Z typically base their purchase decisions on three factors including getting the lowest price, seeing the display of the merchandise in the store, and reading reviews (Accenture, 2017). Moreover, Generation Z and Millennials have the lowest budget, compared to Generation X and Baby Boomers, resulting in Millennials rating price as the most important attribute, followed by Generation Z, Generation X, and baby boomers (Koksal, 2019).

Finally, the study investigates the extent to which there is a relationship between Generation Z's purchase intentions and the value-enhancing likelihood of consumer recommendation of the offer to others. Word-of-mouth communication has become one of the crucial tools for consumers, influencing what they purchase, where they purchase, and how they evaluate goods and services (Tu et al., 2013).

The insights from the current study should go some way towards assisting marketers in making decisions regarding distribution channels and pricing tactics perceived favorably by Generation Z consumers, particularly during economic downturns, when consumers tend to become more price sensitive. Moreover, the research findings should also help marketers develop a deeper understanding as to the extent of Generation Z consumers' likelihood to participate in high-value and credible customer advocacy marketing.

Literature review and hypotheses development

e-commerce market in Thailand

Comparable across the globe, the e-commerce market in Thailand has been growing rapidly. In 2020, consumer expenditure upon food and personal care alone, rose by 74.3% compared to the previous year, followed by toy, DIY and hobby categories (Statista, 2021a). The increase in e-commerce partly stems from higher internet penetration. According to Kemp (2021), in January 2021, 69.5% of the Thai population had access to the internet. In terms of the growth rate, internet users in Thailand rose by 3.4 million (7.4%) between 2020 and 2021. To a certain extent, an increase of online shopping during 2019-2021 could be directly explained by social distancing measures incurred during the COVID 19 pandemic. In addition, higher internet penetration, as well as the benefits associated with conducting online purchases, such as cheaper prices and the purchase transaction convenience, alongside some specific home delivery options, collectively provide notable convenience contribution.

Age segmentation and Generation Z

Karl Mannheim introduced the generational cohort theory (Mannheim, 1952), which was further advanced by other researchers. This theory proposes that people who witness similar events, such as historical, social, cultural, political and economic events, between 17 and 23 years of age tend to share common values, preferences and behaviors during their lifetime.

If members of the same generation share similar beliefs and motivations, which may be due to shared, common experiences (Ryder, 1965), it is reasonable to consider the use of age cohorts to segment consumers, so as to better tailor marketing efforts to meet the needs, attract the attention, and influence the purchase decisions of consumers. In fact, segmentation based on generational cohorts has been shown to be a richer and more effective consumer purchasing influence than segmentation based on chronological age (Parment, 2013; Schewe & Meredith, 2004).

The Generation Z market segment is the focus of the current study. Generation Z are people born from broadly 1995 to 2010 (Francis & Hoefel, 2018), and in the year 2022, they age from 12 to 27 years old. The majority of the members of Generation Z have therefore already passed through the 17 to 23 years old life stage range, which is regarded as a highly important psychological period towards creating lasting shared values, personal preferences, and behaviors according to generational cohort theory (Mannheim, 1952). It is therefore prudent that marketers begin profiling this segment of emerging young adult consumers.

Online and offline purchasing channels

Due to intensifying competition in the market, many retailers attempt to understand their diverse consumers' shopping behaviors through multi channels (Verhoef et al., 2015), as different channels can appeal to different segments of consumers, due to the different values associated with each channel. For instance, while the offline channels offer fewer choices of goods to consumers, the consumers are able to touch, feel and possess the product benefits faster and more personally than those using purely an online purchasing channel. In contrast, online channels have comparatively lower relative cost of search for consumers. Relative cost of search is the financial and non-financial costs borne relative to the expenditure in the category, when a customer assesses value amongst various feature and benefit attributes (Nagle et al., 2011). Moreover, as highlighted earlier, online channels have become more appropriate during the COVID-19 pandemic, as they enable consumers to access goods and services while maintaining social distance. Despite the benefits, these consumers are likely to forego the opportunity to touch and feel the real, kinesthetic, physical and experiential benefits associated with the purchase of the product or service. In addition, consumers have an added wait, in an expectation or anticipation phase of the consumer experience journey, before the product or service is delivered.

Additionally, Hagberg et al. (2016) emphasize a clear distinction between 'multichannel and 'omni-channel' retailing with the concept of multi-channels implying a separation between channels, whereas the omnichannel concept places a greater emphasis upon providing customers with the ability to move between channels seamlessly during one integrated purchasing process.

While some research studies found impacts of age on the choice of channels (Bilgicer et al., 2015; Marriott et al., 2017), others have found little-to-no difference (Hall et al., 2017). With respect to Generation Z, they consciously evaluate the benefits and drawbacks of both physical retail stores and e-commerce sites when deciding to make a purchase and end up purchasing more from the online stores as their advantages outweigh those of physical, offline stores (Perlstein, 2017).

Consumers' response to partitioned prices and a bundled price

Apart from health issues, it is undeniable that the COVID-19 pandemic has resulted in economic impacts around the World. Thailand has witnessed decreasing growth in real Gross Domestic Product (GDP) since the pandemic. According to Statista (2021b), prior to the impact of the pandemic in Thailand, real GDP growth rate in 2017 and 2018 were 4.18% and 4.19% respectively. However, in 2019 and 2020, the figures dropped significantly to 2.27% and -6.09% respectively. During economic downturns, it is essential for firms to set their pricing effectively to attract customers towards fulfilling their purchase interest. Research has shown that bundled and partitioned prices have different behavioral impacts on consumers.

Partitioned pricing refers to setting prices for individual products or services, rather than setting an all-inclusive price (Völckner et al., 2012). Typically, partitioned pricing does not overtly reveal the overall inclusive price (Johnson et al., 1999). In contrast, price bundling refers to setting a combined unified price for two or more products, or services, sold together. The single price may, or may not, be lower than the total price of all the individual products or services (Kwon & Jang, 2011).

Findings regarding consumer responses to partitioned and bundled prices have been mixed. On one hand, some studies found positive impacts of a bundled price on consumers. For instance, it has been found that customer satisfaction, willingness to recommend, and the repurchase intention all rise significantly when prices are bundled (Johnson et al., 1999). Bertini and Wathieu (2008) describe a situation where price partitioning encourages customers to pay more attention to secondary charges that they may not have noticed initially, whereas a bundled price discourages the exhaustive evaluation of the offer by the potential consumer.

In contrast, some studies found price partitioning established positive impacts upon consumers. For instance, Morwitz (1998) found that consumers, who were shown partitioned prices, recall the significantly lower price, compared to those who were exposed to a bundled price. Arora (2011) found that the intention to use the products and the intention to recommend the products to others were higher for unbundled teeth whitening products than for the bundled version. Some research also found positive effects of partitioned prices, though only to a limited extent. For example, Sheng et al. (2007) found that partitioned pricing generates a higher purchase intention when the surcharge is low, or moderate, and a lower purchase intention when the surcharge is high.

The current study seeks to explore the potential impact of a bundled price and partitioned prices on Generation Z consumers in Thailand, which, to date, has received little academic attention in the context of any detectable pricing preferences. The researchers therefore propose the following hypotheses for testing:

H1. An offer with a bundled price of the main product and shipping fee receives higher *purchase intention* from Generation Z consumers than an offer with partitioned prices for the main product and shipping fee.

H2. An offer with a bundled price of the main product and shipping fee receives a greater positive *attitude* from Generation Z consumers than an offer with partitioned prices of the main product and shipping fee.

Relationship between purchase intention and word of mouth recommendation

With the advent of the internet and social media platforms, consumers have become more empowered. Prior research ascertains social media as an empowering tool for consumers by providing opportunities for interaction (Jayanti & Singh, 2010; Patino et al., 2012; Tiu Wright et al.,2006). Consumers are capable of establishing additional routes of validating claims made by companies about products and services through other consumers' opinions. In fact, people tend to illustrate greater trust in the information provided by other consumers than that communicated directly from the companies themselves (Dabholkar & Sheng, 2012). For instance, word of mouth has become more crucial compared to other forms of marketing, such as advertisements, in influencing consumer behavior (Alam & Yasin, 2010).

Consequently, for marketers, this implies that there may need to be a shift of balance between the vertical marketing communications flowing from the firm to consumers and the horizontal marketing communication among consumers with greater emphasis on the latter. Building customer advocacy is one response to the vulnerabilities of brands in the era of rising consumer empowerment (Lawer & Knox, 2006). Thus, it is important to understand the antecedents of the consumer's word of mouth recommendation. Prior research confirms that commitment to a brand (for instance, measured by intention to buy the brand despite prior disappointment or a sale at another store) has a positive impact on positive word-of-mouth (Dam, 2020). Validating this relationship among Generation Z warrants attention as word-of-mouth has become an important promotion tool to create competitiveness for the firm. The current study attempts to investigate whether Generation Z consumers' purchase intention is related to their willingness to recommend the offer to others. The researchers therefore surmise:

H3. A positive relationship exists between Generation Z consumers' purchase intention and their likelihood of recommending the offer to others.

Research methodology

The primary research data was collected during November 2020, closely following the national lockdown that took place in Thailand from April to July 2020. On 3rd April 2020, a curfew between 10 p.m. and 4 a.m. was imposed to restrict people from leaving their premises nationwide to control the coronavirus (Supakit, 2020). During this period, the lockdown measures were gradually eased. Subsequently, three months later, on 8 July 2020, the government announced that the first wave of the COVID-19 outbreak in Thailand had come to an end (Matichon Online, 2020).

An online, self-administered questionnaire was employed as a suitable data collection approach as the period of social distancing was still encouraged, in order to contain the COVID-19 pandemic. According to Sekaran and Bougie (2010), the sample sizes between 30 and 500 can be judged as appropriate for most research. Convenience sampling was selected by the researchers to collect exploratory research data from 105 university students studying in one university located in Bangkok. The students were aged from 19 to 23 years old. Even though the data was collected in 2020, when Generation Z were 10-25 years old, the lead researcher focused on collecting data from the respondents aged 19-23 years old due to two main reasons. Firstly, the lead researcher is a lecturer teaching undergraduate students in this age range and had access to the respondents. Secondly, the researchers would like to concentrate on investigating the channel, pricing, and advocacy preferences of the older Generation Z consumers, as they are entering or already participating in the workforce and have higher purchasing power than the younger Generation Z members. The respondents of the current study were undergraduate business students majoring across both international business and finance majors. 120 students were contacted, of which 105 agreed to participate in the survey (88% response rate). There was an almost equal distribution with 54 students from the finance major and 51 students from the international business major.

All respondents were asked identical questions about their online shopping motivations, their behaviors, and their preferences for physical and online stores. In order to test the effectiveness of the two pricing tactics, namely partitioned prices and a bundled price, a 2-cell experiment was employed. Experiments are perceived as the most adequate causal research design to deepen knowledge about a phenomenon already established within correlational studies (Hernandez et al., 2015). The researchers used hypothetical scenarios so as to prevent the unintended effects from brand or retailer reputation (Chatterjee, 2011). For each scenario, 50 respondents were targeted (Milman et al., 2021). The students from the finance major (54 sample size) and students from the international business major (51 sample size) were exposed to two different company scenarios selling chocolate. Finance students were exposed to a fictitious company called Choco House Company that utilized partitioned prices, while the international business students were exposed to a fictitious company called Choco Factory Company that employed a bundled price strategy. The hypothetical company scenarios are described below.

Choco House Company *sells large milk chocolate bars that have delicious taste. The price is THB 100/bar, and the delivery fee is THB 30.*

Choco Factory Company *sells large milk chocolate bars that have delicious taste. The price is THB 130/bar, and the company offers free delivery.*

Within this experimental design, the bundled price was the same as the sum of the partitioned prices, and no specific savings from the bundled price were explicitly mentioned, as the researchers wanted to test whether a bundled price would generally be perceived as more attractive by consumers. If the research findings support a general bundled price strategy, then offering discounts to consumers in the bundled price would be assumed to add even greater value for consumers.

After reading the hypothetical company descriptions, respondents were asked to rate 3 responses, namely their purchase intention for the product, their liking for the pricing offer, and their likelihood of recommending the offer to others, all on a 5-point Likert scale. First, the respondents were asked how much they liked or disliked the pricing offer using five-point Likert scales (1 = “strongly dislike” to 5 = “strongly like”). Then, the Generation Z respondents were asked how likely or unlikely they would recommend the offer to others (1 = “very unlikely” to 5 = “very likely”). The average rating for each consumer response to the ‘liking for the pricing offer’ question and ‘likelihood of recommending the offer to others’ question was used as a construct representing each the of the respondent's attitude towards the pricing offer (Sony et al., 2015). The researchers used Generation Z consumers’ attitude towards the two hypothetical offerings as the first proxy for determining the effectiveness of different pricing offers. Cronbach's alpha coefficient was calculated to test the reliability of the construct (Cronbach, 1951). Since Cronbach’s α calculated for the two test items was 0.65, the attitude construct was adopted. CR $\geq$ 0.60 indicates acceptable levels of construct reliability (Thanasrivanitchai et al., 2021). In addition to evaluating consumer attitudes towards the hypothetical offerings, purchase intention was used as a supplementary indicator for establishing the effectiveness of the two pricing offers. Respondents were asked how likely or unlikely they would purchase the offer (1= “definitely not purchase” to 5 = “definitely purchase”).

An independent sample t-test using IBM SPSS Statistics 26.0 was performed to compare the purchase intention means and attitude means of Generation Z consumers towards the offer with partitioned prices of the main product and shipping fee versus the offer with a bundled price of the product and shipping fee (*H1* and *H2*). In addition, a Pearson Product Moment Correlation coefficient was computed to determine the direction and strength of the relationship between Generation Z’s purchase intention and their likelihood of recommending the offer to others. (*H3*).

Results and discussion

The results of the survey reveal that the COVID-19 pandemic has indeed resulted in an increase in online shopping among Generation Z consumers with 81% of respondents collectively indicating strongly agree and agree to increased online shopping activity (at 39% and 42% respectively) (Figure 1).

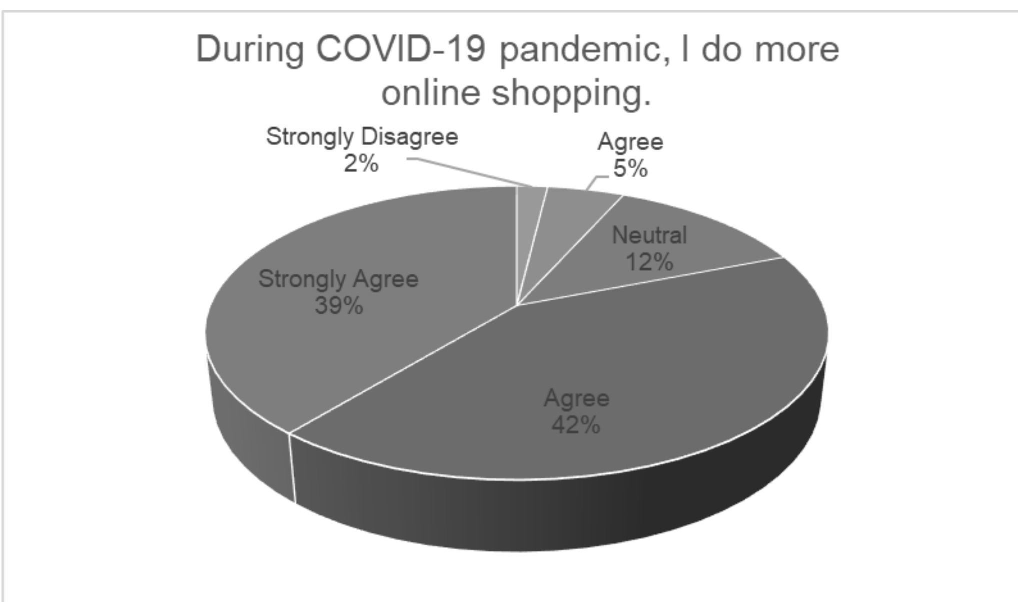

Figure 1 Increase in online shopping during COVID-19 pandemic

The findings from the current study lends support to the findings of the ‘Future Shopper 2021’ survey regarding the increase in online shopping behavior among Thai consumers, largely driven by the pandemic. The ‘Future Shopper

2021' survey was a global survey conducted by Wunderman Thompson, a global marketing communications agency with 28,000 respondents from 17 markets participating (Bangkok Post, 2021). This included 1,025 respondents from Thailand across Generations X, Y and Z. The survey found that 94% of Thai consumers, the highest proportion in the world and higher than the global average of 72%, mentioned that online shopping had rescued them in 2020. Another 62% of Thai respondents said they shopped more online during the pandemic, and 92% indicated they will continue to purchase online after the pandemic. The implication is for firms targeting Generation Z to offer online channels to access the goods. If it is too expensive for retailers to develop their own online channels, they can make their products available online through third party e-commerce and m-commerce platforms.

For Generation Z, the main motivators for purchasing online appear to be convenience and social distancing, subsequently followed by the discounts and promotions offered. Other customer reviews seem to play only a minor role towards influencing Generation Z's online purchasing decisions (Figure 2).

Figure 2 Motivations for purchasing online

Results from the current study identify that Generation Z consumers have increased their online purchases during the COVID-19 pandemic. Though this might lead one to believe that the consumers' online purchases may decrease as the pandemic ends, results indicate that an increase in the use of online channels are likely to have a lasting trend, as ‘convenience’ is indicated as the main motivation for online purchasing, followed by other reasons, such as social distancing and discounts and promotions. Verhoef & Langerak (2001) found convenience to be a decisive factor in shaping consumers’ perception of the characteristics of online grocery shopping and their intention to adopt it. Therefore, firms should provide convenience to motivate Generation Z consumers to purchase online, for instance, by providing user-friendly website, short and effective marketing content about product and services (for instance in the forms of videos), personalized recommendation of products and services, multiple payment options, door step delivery, and easy return policy.

Literature underscores the importance of word-of-mouth recommendation. For instance, information provided by other consumers is considered as more reliable and relevant than that from the firm (Berger, 2014; Park et al., 2007). Moreover, consumer recommendations can assist consumers during the initial stages of their purchase journey by inspiring and showing new ideas that influence their initial preferences (Aragoncillo & Orus, 2018). Although new technologies empower consumers to access other people’s opinions and evaluations instantly, providing them with an important source of knowledge to form their attitudes and enable decision-making (Hennig-Thurau et al., 2010), the current study found that other customers’ reviews of the product online are not an important source of motivation for Generation Z towards online purchasing. Only 3% of Generation Z consumers mentioned being able to access other customer reviews as the motivation for their online purchasing decisions. Other motivations, like convenience, social distancing, and discounts, are more important for Generation Z consumers in making online purchases.

Food and beverage, clothes, and medical supplies rank as the top three categories that Generation Z purchase online the most frequently (Figure 3).

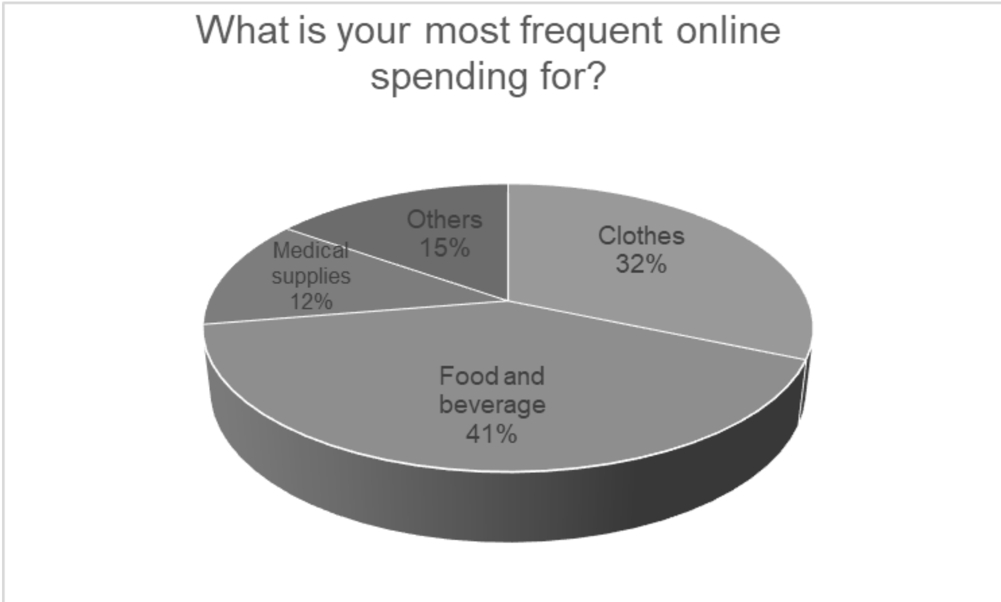

Figure 3 Product category purchased online most often

Consistent with the aforementioned finding that Generation Z consumers' motivation for online purchasing is mainly convenience-driven, the current study shows that frequently purchased items like food and beverage is the main category of products bought online, followed by clothes. Despite the ongoing pandemic unfolding during the survey, medical supplies only ranked as the third most important online purchase category, behind that of food and beverages and that of clothes. Food, beverage, and clothes retailers should consider focusing on providing ease and convenience for Generation Z consumers, as convenience is their main motivation for purchasing online. For instance, food and beverage retailers can provide the option to reorder the previous items bought, so that consumers can bypass the steps of browsing the screen to locate the food and beverage items and adding notes for the retailers, such as less sugar or reduced/no spice. Clothes retailers can also provide personalized recommendation of clothing items and sizes based on Generation Z's previous purchase, or help make suggestions regarding which clothing items to mix and match. Moreover, food, beverage, and clothing retailers could consider providing product bundles for Generation Z as this reduces the mental effort and provides more convenience in their decision making.

Both online and offline marketing channels are equally preferred by Generation Z consumers. When asked to choose which channel they preferred more, approximately half of the respondents preferred offline channels, while the other half opted for online channels (Figure 4).

Figure 4 Preference for offline versus online channels

Firms are therefore advised to use a combination of online and offline channels to fully engage with Generation Z consumers. As the boundaries between channels become obscured, customers rely on different channels simultaneously during their purchase experiences (Verhoef et al., 2015). Consumers integrate the virtual and physical channels during their purchasing process, which helps convince them that they are making the right decisions (Schul & Mayo, 2003). Hand et al. (2009) found that the adoption of online shopping complements rather than substitutes in-store shopping.

Figure 5 presents the observed means of the respondents' purchase intentions and their attitude towards the pricing offers for both the offer with partitioned prices of the product and shipping fee and for the offer with a bundled price of the product and shipping fee.

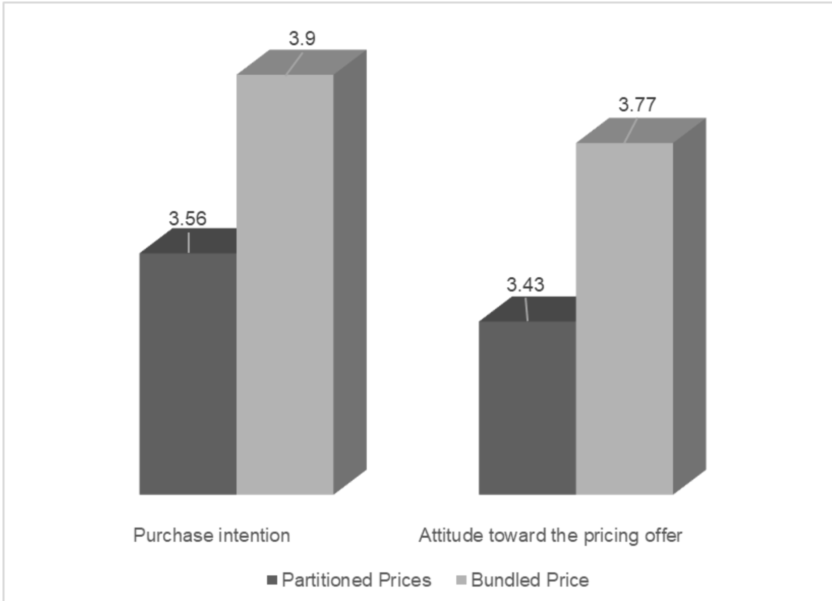

Figure 5 Observed means for partitioned price versus bundled price offers

Although the observed means for the purchase intention and attitude towards the pricing offers are both consistently higher for the bundled price offer than for the partitioned price offer, the current study found, at 95 percent confidence level, only the difference in the mean scores for attitude is statistically significant, as shown in Table 1.

Table 1 t-test of Generation Z responses to a bundled price and partitioned prices

Hypotheses	Dependent Variable	Comparison of Means		
		Bundled Price (n=51)	**Partitioned Prices (n=54)**	***p*-value**
H1. An offer with a bundled price of the main product and shipping fee receives higher *purchase intention* from Generation Z consumers than an offer with partitioned prices for the main product and shipping fee.	Purchase intention	3.90	3.56	0.069
H2. An offer with a bundled price of the main product and shipping fee receives a greater positive *attitude* from Generation Z consumers than an offer with partitioned prices of the main product and shipping fee.	Attitude towards the offer	3.77	3.43	0.028*

**Significant at 95% confidence level.*

A bundled price appears to elicit a significantly higher positive attitude towards the offer (mean = 3.77) compared to the attitude towards the offer with partitioned prices (mean = 3.43), p = 0.03. This confirms *H2*. The difference in the means for purchase intention is not statistically significant for the offer with a bundled price and the offer with partitioned prices, so *H1* is rejected.

Since the difference in means for the purchase intention between the two pricing offers is not significant, further analysis using Pearson Product Moment Correlation coefficient was performed to determine the correlation between Generation Z's attitude towards the pricing offer and their purchase intention. Results reveal that, at 99 percent confidence level, there is a strong positive correlation between Generation Z's attitude towards the pricing offer and their purchase intention (r = 0.656, p = 0.00). This signals that employing a bundled price tactic would still be recommended over using partitioned prices, although the difference in means for the purchase intention of the partitioned and bundled offers is not significant. There is still a strong likelihood that positive attitude could convert into purchase intention.

For the likelihood of recommending the offer to others, the mean is higher for the bundled price offer (mean = 3.73) than for the offer with partitioned prices (mean = 3.43), although the difference is not significant at 95% confidence level (p = 0.08). However, at 99 percent confidence level, there is a strong positive correlation between Generation Z's purchase intention and their likelihood of recommending the offer to others (r = 0.52, p = 0.00), thus confirming *H3*. The current study found that if Generation Z consumers have a strong purchase intention, they are more willing to serve as customer advocates and recommend the offer to others.

Based on the findings from our current research, the researchers propose a value delivery framework in Figure 6 for practitioners, who target Generation Z consumers. The researchers recommend providing the value drivers identified from the current study to Generation Z consumers, and in return, firms should be rewarded with positive attitudes towards the offering, purchase intention, and the associated subsequent customer advocacy support.

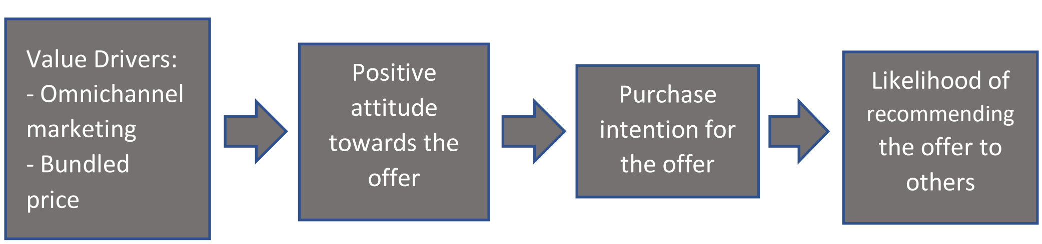

Figure 6 Value delivery framework for Generation Z consumers

Conclusion

Results from the current study have shed some light on ways to deliver value to Generation Z consumers within the context of Thailand.

Results from this study verify Generation Z's increased online consumer purchases during this COVID-19 pandemic. Though this might lead one to believe that the consumers' online purchases may wane as the pandemic ends, results indicate that an increase in the use of online channels is likely to be a lasting trend, as 'convenience' serves as a predominant motivational factor for online purchasing, followed then by other reasons, including social distancing and discounts and promotions.

With respect to channels to access the goods and services, firms must offer both online and offline channels to this particular consumer segment. In our study, respondents were asked to exclusively choose one preferred channel, either an online or an offline channel, and results reveal that approximately half of the respondents opted for online, while the other half favoured offline. Consequently, firms are strongly advised to use a combination of both online and offline channels as the 'place' element of the marketing mix to engage with the emerging Generation Z consumer segment.

Consistent with the aforementioned finding that Generation Z consumers' motivation for purchasing online is mainly convenience-driven, this study shows that frequently purchased items, like food and beverages, are the main product categories currently bought online, followed by clothing. Despite the ongoing pandemic taking place while the survey was conducted, medical supplies only ranked as the third most important category purchased online, behind both food and beverage category and that of clothing. This suggests that food, beverage, and clothing retailers will distinctly benefit from offering their goods to Generation Z through online channels.

In terms of pricing communication, a bundled price of the main product and shipping fee is favoured over partitioned prices of the main product and shipping fee. This could partly be related to the fact that Generation Z are convenience-driven, and a combined price can help consumers make their decisions more spontaneously. Price framing can drive price sensitivity, and consumers are more price sensitive when the price is paid separately than when it is paid as part of a bundle price (Nagle et al., 2011). Moreover, a gain framing message like 'free shipping' in the bundled offer could create a positive impact on consumers' attitude and purchase intention. In contrast, paying separately for 'shipping fee' in the partitioned price offer may evoke a feeling of loss for consumers. People tend to place more psychological importance on avoiding losses (Nagle et al., 2011).

Although literature underscores the importance of word-of-mouth recommendation, the current study found that other customers' reviews of the product online are less influential upon Generation Z's motivation to purchase online than other motivations like convenience and discounts. This is in line with the findings of Hand et al. (2009), who found that, surprisingly, recommendations appear to play little role in the decision to start shopping for groceries online. The implication is firms should focus on providing the more strongly perceived value of convenience and subsequently discounts to Generation Z consumers to increase their purchase intention. This study found that if Generation Z consumers have strong purchase intention, they are more willing to serve as customer advocates and recommend the offer to others. To some extent, firms can specifically target consumers, who have purchased the product and are satisfied to serve as customer advocates by offering them incentives to do so. However, this should only be used as a complementary means of marketing efforts, in addition to other means of promotion by firms. The findings from our study suggest that, with limited marketing budget, greater emphasis should be placed on enhancing consumer convenience and offering discounts than on investing in customer advocacy programs.

Limitations and future research

In terms of methodology, though intended as exploratory research, the study has limitations regarding the low sample size and sample composition covering only a limited age range of Generation Z members (19 to 23 years old). In addition, convenience sampling was used to gather responses from Generation Z respondents in one university in Bangkok, so the samples may not effectively represent the entire Generation Z population in Thailand. Moreover, this study is a cross-sectional study conducted at an instance during the COVID-19 pandemic and was not conducted as a more comprehensive longitudinal study, meaning that within the near future, there could be a notable shift in consumers' perceptions and behaviors.

For the research design, the researchers employed experimental research asking respondents to express their purchase intentions, liking, and likelihood to recommend the offers of fictitious companies. While the use of fictitious companies can strengthen the internal validity, this method undermines external validity. Moreover, consumers were specifically asked to read the hypothetical descriptions, so they focused more on the communication message than they would in a real-life context. In the real-life context consumers would selectively choose to notice only certain information and may not carefully compare partitioned and bundled prices of products and services before making purchase decisions.

With regards to the findings, our study has limitations in generalizing the findings to other countries as there is a possibility of various influences, including political, economic, social, technological, environmental and legal differences. Furthermore, there is a limitation regarding the generalization of results to other product categories and other conditions of bundled prices. In the current study, the bundled price was tested for the main product and shipping fee. Other bundles, such as the main product and complementary products, could obtain different responses.

Several possibilities for future studies are recommended. Since Generation Z consumers prefer both online and offline channels, future studies could investigate why and when Generation Z consumers use online and offline channels and possibly the degrees of combinations. Moreover, convenience is noted as an important motivator for Generation Z's online purchases. Therefore, studies could be conducted to understand what attributes, such as a user-friendly website, delivery conditions, and transaction payment methods, constitute convenience for Generation Z consumers. Regarding pricing, future studies could attempt to understand why consumers like, or dislike, bundled and partitioned prices, for instance, in terms of stress associated with decision making, perception of value, opportunity to try out new products and services, perception of price integrity, and perception of forced up-sell. Further experiments could also be done to test the effectiveness of different combinations offered via a bundled price versus partitioned prices, for example, top seller and worst seller, core product/service and complementary product/service, personalized bundles, or combinations based on seasonal trends (such as bundling different kinds of stationery together during back-to-school season or bundling a Christmas tree along with lights and decorative items during the Christmas festival). This could help firms decide the product categories to apply each pricing tactic and what offers to bundle together. In the current study, the price of the bundled offer is equal to the sum of the partitioned prices in the offer with separate prices for the main product and shipping fee. Future studies could investigate whether specific savings mentioned in a bundled price offer would influence consumers to prefer the bundled price offer to the partitioned price offer. Future studies could also investigate why other customer reviews are less influential on Generation Z's motivation to purchase online than other motivators, such as convenience and discounts. This could help firms gear the marketing budget towards the right promotion strategies and possibly find ways to make word of mouth recommendation a more effective promotional tool. The study could also be extended to understand the responses of Generation Z consumers across other countries. If similarity exists, multinationals could benefit from marketing economies of scale by developing and implementing similar marketing strategies across many countries, rather than having to localize such strategies to fit the differing needs of consumers.

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