



**Effective Segmentation and Targeting of Generation-Z in the South African Retail Clothing Industry.**

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## **ABSTRACT**

This research paper reports on the exploratory study into the segmentation and targeting techniques and variables regarding the Generation-Z population of South African, focusing on the retail clothing/apparel Industry.

The primary focus of the revolved around understanding the consumer behaviour and purchasing decision triggers amongst the Generation-Z market segment. The secondary outcomes of the research were establishing how segmentation and profiling in the South African clothing retail market was done and whether or not it can be done more effectively and efficiently by forming stronger bonds with Generation-Z through the understanding by brands and companies of what value and meaningfulness means to target population.

The problem this research addressed was the disconnection between Generation-Z and Brands due to the prediction that segmenting, targeting and profiling techniques were outdated and missed important variables when it came to Generation -Z. This research aims to explore if there is a need to bridge the gap between Brands and how they target and advertise to Generation-Z with the goal of accurately profiling the Generation-Z market segment.

The research was predominantly exploratory with aspects of causal evaluations to effectively deduce conclusions and outcomes. Previous articles, online sources, journals and documents were reviewed with primary and secondary research being conducted in the form of surveys, interviews and case study analysis.

Findings included the questions the Generation-Z population segment intrinsically consider when interacting with brands, addressing of if there is in-fact a disconnection between brands and the population segment, what media channels resonate best with the group and insights into segmentation and targeting variables that could lead to greater communications strategies and results for retail clothing brands in South Africa.

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## **1. Chapter 1: Introduction**

This research paper reports on the exploratory study into the segmentation and targeting techniques and variables regarding the Generation-Z population of South African, focusing on the retail clothing/apparel Industry.

The aim of this study was to determine and ascertain whether retail consumer profiling and segmenting on Generation-Z based on Generational traits within the South African market was more effective than consumer profiling, segmenting and targeting based on isolated demographical and psychographic traits.

The study additionally aimed to understand Generation-Z, discovering if their needs were being addressed by targeted communications by clothing brands in the South African landscape. The study also served to understand the relationship between retail clothing brands and the Generation-Z consumer and determine if segmentation and targeting methods had contributed to the disconnect between the two constructs.

The topics that will be discussed will be separated into 5 sections:

- An introduction to the research topic, contextualising key concepts and defining the background to the study as well as stipulating the problem the study serves to address including the rationale and purpose in the form of research questions and objectives.
- A comprehensive literature review that expanded on theoretical foundations of the study in which Seminal sources, various news articles and journals will be used to understand what is currently known and what is not known about the topic. Current literature from the last 5 years will be used throughout the document to link to the research problem and serve as the basis for the overarching study.
- A Research Methodology will also be included to illustrate how the researcher will intend on reaching concrete findings and insights to answer the research questions. This will include the approach to research, population characteristics, sampling processes and limitations faced.
- A Findings Chapter that will serve to inform the data analysis that resulted in key findings, addressing insights and understanding the anticipated contribution to the field and the South African Retail clothing industry.

- Lastly A conclusion to summarise answers to the research study with justification as to the benefits of the research undertaking with Ethical Considerations that the researcher considered throughout the research and study process.

### **1.1. Background and orientation (contextualization)**

According to *'The Impact of Generations on Marketing Strategies'* by Frederic Brodeur, in the 60's, customers and personal preferences were not as established nor important to companies and marketing strategies were generated with the majority and greater public in mind. It was only recently with the emergence of technology, strong competition, cheaper substitutes and Millennial generational traits that understanding into tailored marketing for specific generations was incredibly beneficial in order to stand out and communicate with meaning (Frederic Brodeur, 2016).

To avoid confusion, it is important that before any concept and theory is dissected, some terminology and additional information be discussed to ensure that the researcher and the audience reading this report are on the same page.

First and foremost, this document will speak about a group of individuals referred to as Generation-Z or simply 'Gen-Z.' Gen-Z are individuals whom were born in the year 1995 to 2010 - with some sources saying their "coming of age" period is from 2013 – 2020, but for the purpose of this study, it will be considered that the time constraint is from 1995 – 2010 (Havas People, 2016).

Gen-Z are characterized by the fact that they, unlike Millennials - whom are sometimes referred to as 'Generation Now and born between 1994 and 1980 (Hayzlett, 2016) and individuals before that, almost entirely grew up in the digital age (Havas People, 2016). Their social pools are incredibly diverse and are exposed to and interact with people from more unique and diverse psychographic and demographic backgrounds such as religion, gender orientation, and race than ever before (Kane, 2017). They are highly sophisticated, in tune with their environment and far more tolerable of change, people and social events due to their exposure to the world and readily available information (Socialmarketing.org, 2017).

Secondly, this document will refer to the retail industry quite extensively. By definition retail involves the sale of goods from one designated single point directly to a consumer in small units for the purpose of immediate consumption (MarketingStudyGuide.com, 2017). This document will be relevant to most if not all retail markets but for the purpose of this study, it should be assumed that when retail is stated, the researcher is referring to ONLY the South African clothing retail market unless specifically stated otherwise

Throughout the document the terms 'segmentation' and 'segment', 'targeted' and 'target,' 'consumer profiling,' 'demographics,' 'psychographics,' and 'Generational traits' were used extensively. These terms are all in relation to the marketplace and therefore mean:

- **Segmentation**  
The process of dividing the marketplace into segments, which are portions, of the entire target audience based on similar or related characteristics such as taste, demand and preference (Managementstudyguide.com, 2017).
- **Target (Marketing)**  
The process and concept used by marketers and brand strategists to divide the market into small units comprising of like minded people, used to inform product strategies (Managementstudyguide.com, 2017).
- **Consumer Profiling**  
A description of a consumer or set of customers that includes geographic, demographic and psychographic information as well as the creditworthiness, buying patterns and purchase history (BusinessDictionary.com, 2017). Consumer profiling is predominantly used in the targeting process.
- **Demographic**  
Statistical data of a population, especially relating to average age, income, education and gender (Dictionary.com, 2017).
- **Psychographics**  
The use of demographics to systematically determine the attitudes and tastes of a particular segment of a population in marketing studies (Dictionary.com, 2017).

- **Generational Traits(Gap)**

A generational trait or gap consists of the various differences in opinions expressed by members of two or more different generations. A generation trait can be used to describe the differences in actions, beliefs and tastes of younger generations when compared to members of older generations and vice versa regarding politics, values and social matters. While generation gaps have been prevalent throughout all periods of history, the breadth of differences of these gaps has shown to be considerably wider in the 20th and 21st centuries (Investopedia, 2017).

The following are identified as key theories that influenced the literature review and were used during the research process. At this stage, they were relevant in formulating sound hypotheses.

- **Theory of Reasoned Action**

In the late 1960's, Martin Fishbein and Icek Ajzen developed the theory that pre-existing attitudes play an important part in the decision-making process. This was to say that consumers make specific purchasing decisions based on how they expect the outcome of the purchase will affect them (Ohio University , 2016). This theory will aid in determining whether marketers should associate positive results from purchase of retail products when communicating to Gen-Z.

- **STP Model**

The Segmentation, Targeting and Positioning (STP) model is a common strategic approach to modern marketing which is useful for creating marketing plans that prioritise propositions to deliver personalised and relevant messages to engage with various audiences (Hanlon, 2016). This model will be used to evaluate if current segmentation and targeting methods are effective amongst Gen-Z retail consumers.

## **1.2. Rationale**

During the last quarter of 2016, the researcher worked at Mr. Price Apparel under the supervision of Ms. Erica Fouche whom is the Customer & Competitors Insights Manager for the Apparel division of the group. Whilst assisting her within the Research Division, it was found from primary and secondary research that there was a growing

concern regarding branding and marketing strategies targeted towards Gen-Z due to a lack of information on the behaviours, buying patterns and decision-making triggers of the population segment. This lack of information was unfortunately leading to a shortage of insights that would potentially lead to informing strong brand campaigns that would resonate well with Generation Z.

The primary focus of this research report revolves around understanding consumer behaviour and purchasing decision triggers among Generation Z. The secondary outcomes of the research are to establish how segmentation and profiling in the South African clothing retail market is done and whether or not it can be done more effectively and efficiently by forming stronger bonds with Generation Z through the understanding by brands and companies of what value and meaningfulness means to Gen-Z.

Through an accurate representation of the behaviour and purchasing decision triggers, brands and companies can develop insights and profound information to accurately segment and understand Generation-Z. From that information, brands will have a strong foundation on what aspects of their consumers' Customer Journeys to target and potentially engage with.

What was found are research papers and articles on different industries in which researchers have found that adapting current profiling and segmentation methods due to the drastic change in the emerging market, which is increasingly of consumers born in 1995 up to about 2010 making them aged between 7 and 22 in the year 2017, allowed for far more effective targeting methods and approaches – mostly due to the understanding that consumers whom are under Generation Z have opposing and drastically differing views and intrinsically consider these views when considering and purchasing products or services belonging to the brands available at hand (Segran, 2016).

### **1.3. Problem statement**

The problem this research addresses is the disconnection between Generation Z and Brands due to the prediction that segmenting, targeting and profiling techniques are outdated and miss very important variables to consider. This research aims to explore if there is a need to bridge the gap between Brands and how they target and advertise to Generation-Z with the goal of accurately profiling the Generation-Z market segment.

The research was predominantly exploratory with aspects of causal and correlation to effectively deduce conclusions and outcomes. Looking into previous articles, online sources, journals and documents. little to no information on the topic was found, especially with regard to a South African consumer clothing retail market and extensive primary research was done to facilitate for this variable.

### **1.3.1. Why is the problem worth investigating?**

This research in its complete and most advanced state will have the potential to extensively inform how brands and companies across industries consider and profile their market audience within the Generation-Z group. The applications of the research will possibly and hypothetically result in brands having the ability to fundamentally forge deeper and more meaningful relationships with their consumers.

What this means is that this research, given further study will greatly influence, shape and aid in understanding and effectively segmenting and profiling Generation-Z in South Africa as a whole.

### **1.3.2. Research questions**

The primary research question is stated as follows:

Is it more effective to segment and profile South African consumers in Gen-Z based on generational traits rather than isolated demographical and psychographic traits?

The secondary research questions / sub questions for this study are:

1. What are the fundamental and most important questions Gen-Z are asking themselves before continuously purchasing from a brand?
2. Is there a disconnection between retail clothing brands in South Africa and Generation-Z and what are the main reasons for the disconnect?
3. What media channel(s) do South African Gen-Z interact and engage with the most when being communicated to about brand offerings in the retail clothing industry in South Africa?

### **1.3.2.1. Hypothesis**

The researchers hypothesis is that isolated demographical and psychographic traits play an important role in the segmentation and targeting process of retail clothing brands with the psychographic traits being substantially more relevant to Generation-Z. This being said the generational traits of the subject consumers that stem directly from the psychographic variables and in particular the social aspirations and self-identity aspects are incredibly incremental to Generation-Z when deciding if they will consciously engage and interact with a brand. This conscious engagement will substantially affect brand loyalty, attraction, buy-in and how resonant one retail clothing brand is from its direct competitors.

The questions Generation-Z are asking themselves are most likely in relation to self-identity and the life-stage transitions that these consumers are undertaking in their lives and direct how they perceive brands.

The researcher suspects that Generation-Z will feel a disconnection with retail clothing brands in South Africa due to a lack of understanding and representation of the important psychographic aspects and variables that they are dealing with.

In terms of Media channels that the South African retail brands are using to engage and connect with Generation-Z, the researcher suspects that the brands are using the most appropriate platforms, these being social media, but that execution may not be as affective due to subject matter and lack of available information into the target consumer.

### **1.3.3. Research objectives**

The **aim** of this study was to understand if it was more effective to segment Generation-Z based on generational traits or isolated demographic and demographical traits. Each of these variables were detached from one another to understand their fundamental impact on how Generation-Z interact and engage with retail clothing brands.

The objectives of this study were in relation to gaining an in-depth understanding of Generation-Z by asking questions that gave insight to the research questions. The research objectives were:

- To establish what are the purchasing decision priorities of Generation-Z.
- To establish if there is in fact a disconnection between Generation-Z and Brands and find out why.
- To establish what media channels can be used by retail clothing brands to lead to increased engagement and interaction from Generation-Z.

#### **1.4. Purpose statement**

The purpose of the research is to find out whether retail consumer profiling and segmenting on Generation-Z based on Generational traits within South Africa is more effective than consumer profiling and segmenting based on isolated demographical and psychographic traits.

The study additionally aimed to understand what was important to Generation-Z and if their needs were being addressed by targeted communications by clothing brands in South Africa. Objectives for the study also served to understand if there was a disconnection between retail clothing brands and if segmentation and targeting methods had contributed to the disconnect.

This would address the primary research question and serve to add value to the South African understanding of the Generation-Z market segment.

#### **1.5. Conceptualization (of key concepts)**

The following are key concepts that were addressed and had substantial relevance to the literature review and over-arching research report.

- Market Segmentation

Market Segmentation is the process of subdividing a larger homogenous market into smaller, clear identifiable segments with individuals which each have their own needs, wants and/or demands (Business Dictionary, 2017). Understanding the process of segmenting is important in understanding how the market currently works and will be discussed and assessed further in the research.

- Consumer Profiling

Consumer profiling is the process of describing consumers categorically so that they can be grouped for marketing and advertising purposes. Consumer profiling allows for target advertising to definitive market segments and results in companies and marketers finding more success in selling particular product to particular segments. Market segments are often represented by consumer profiles (DeVault, 2017).

- Generational differences

Generational differences or Generational Gaps refers to the various differences in opinions that are expressed by the members of two different generations. This also includes differences in actions, tastes, beliefs and socially agreed upon or expected behaviour. The concept of generational differences will be addressed greatly regarding Generation Z vs the previous generational groups within this research (Investopedia, 2017).

- Variable Segmentation

Variable Segmentation is a process in which consumer profiling can be conducted by segmenting consumers based on Geographic factors such as region and population, Behavioural factors such as reward incentives or previous purchases, Demographic factors such as age and gender or Lifestyle such as community affiliations (religion, education, occupation etc.) and social values (Magento Enterprise, 2013).

## **1.6. Overview of Research Methodology**

The study utilized a combination of both exploratory and descriptive research making use of various methods and tools. A 'quan + QUAL' research approach will be adopted emphasizing the exploratory nature of the research.

Mixed method research tools were used and the sample was taken from the major cities in South Africa to gain holistic geographic information within the findings.

Online surveys were predominantly quantitative with supporting qualitative questions. Interviews were predominantly qualitative but data was measured to develop a sense

of quantifiability. Data was analysed by transcribing and coding interview responses and using the Google Forms program to summarise and quantify survey responses. A detailed discussion on the research methodology is in Chapter 3.

### **1.7. Structure of the paper**

This research paper began by conducting a literature review in Chapter 2 that detailed the retail clothing industry, provided a comprehensive analysis of Generation-Z and addressed what was currently known about the research topic.

The research methodology was then detailed in Chapter 3 to inform on the research objectives, researchers paradigm and research process stating the techniques, tools and approach to answer the research questions and fulfill the aim of the study.

Chapter 4 served to analyse the data from the primary and secondary research and produce the findings and insights into the research study. The Key findings were also addressed and a discussion on their validity, reliability and trustworthiness were addressed.

The final chapter (Chapter 5) answered the research questions and concluded the findings in a summary of the research study.

## 2. Chapter 2: Literature Review

This review will be broken up into the following 4 sections:

- Market Overview – A very succinct summary of the South African and global retail industry as this research aims to address issues within this market.
- Subject Overview – A comprehensive breakdown and deconstruction of Generation Z, the value of Gen Z as well as what is currently known about them by marketers, companies, brands and the world.
- Topic Overview – A comprehensive analysis and assessment of the current segmentation and consumer profiling techniques that retailers in South Africa and the World use.
- Exploratory Overview – A comprehensive synthesis of what is known about the topic to start subsequently answering the unknown aspects of the research topic which will aid formulating the right (most effective) questions to assist in the primary research process.

Before these sections are addressed, below is a list and summary of the main articles, journals, seminal sources and documents assessed:

- *‘Exploring Generation Z’s Purchase Behavior towards Luxury Apparel: A Conceptual Framework’* by Dr. Varsha Jain, Ms. Reshna Vatsa & Ms. Khyati Jagani.

A review that looks at the very distinctive tastes, choices, attitude, behaviour, preferences and opinions that Generation Z share with one another that are unique to them and affect their purchasing decision when exposed to luxury apparel brands (Varsha Jain, 2014).

- *‘Marketing to the Generations’* by Kaylene C. Williams & Robert A. Page.

A review considering the various unique expectations, experiences, lifestyle, generational history, values and demographics that influence the purchasing decision making of generation groups from The Pre-Depression Generation up until Generation Z (Kaylene C. Williams, 2011).

- *'Generation Z: 5 Things Marketers Should Know'* by Julie Gallagher

An article that dissects certain avenues that Generation Z members have adopted in their daily lives that brand strategists and marketers should know with the increase in the buying power of Generation Z (Gallagher, 2016).

- *'Identifying Your Most Profitable Customers: An Introduction to Customer Segmentation'* by Magento Enterprise.

A journal that breaks down the importance of segmentation and explains the process of customer profiling. The journal also lists a few steps and strategies that can assist brands and companies increase profits and overall consumer satisfaction by utilising effective customer segmentation (Magento Enterprise, 2013).

- *'Study Reveals Shopping Habits of Generation Z'*. By: Robinson, Dana, Pool & Spa News

An article that summarises a recent study by IBM and the National Retail Federation that aimed to identify insightful data on the shopping habits of Generation Z. The article focuses on the behaviour of Generation Z and what they consider when they are in a shopping environment (Robinson, 2017).

## **2.1. Market Overview**

### **2.1.1. Apparel Retail Industry**

The application of this study will predominantly focus on methods to sufficiently improve how brands in the South African apparel retail industry communicate with Generation-Z. But as stated before, the researcher prior to the completion of the study strongly believes that the outcomes, given the research hypothesis was indeed correct, will be applicable to most retail industry markets in South Africa with regard to first and foremost correctly profiling Generation Z and secondly, based on the correct profiling, allow for far more effective and efficient media tool optimisation and 360-degree brand communications.

### **2.1.2. Market Analysis**

Since around 2010, the South African retail industry has experienced strong growth, with trends being projected continue growing steadily to about 2019 at this stage (Marketline, 2015). The current forecast states that through to 2019, annual growth rates remain at around 7.8% (Marketline, 2015).

### **2.1.3. Study and Industry Analysis in Context**

For the first time in known human history, marketers must manage and segment and profile five different generations, each with their own specific expectations and characteristics. This means that some brands and companies are faced with profiling and segmenting the consumer generational history, values, experiences, lifestyles and demographics for the consumer journey on 5 different layers depending on the generation that the consumer is in (Frederic Brodeur, 2016).

W. Morris once stated that, “Multi-generational marketing is the practice of appealing to the unique needs and behaviours of individuals within more than one specific generational group, with a generation being a group of individuals born and living about the same time.” This means that in today’s market, branding agencies and marketers cannot simply build strategies around 1 or 2 generations, instead they must be able to have omni-channel strategies that accommodate for all their possible consumers across age groups.

The problem therefore arises when information about a certain segment is unavailable or difficult to find, especially for a specific region, in this case South Africa.

Marketers who have the ability to factor in the different behaviours and characteristics of the different generations have a much better chance of being able to build sustainable and meaningful relationships with consumers. Having the ability to describe and understand the change in consumer values, characteristics, technology usage and lifestyle habits of Generation Z therefore is extremely important for any industry or brand that targets the increasing group (Frederic Brodeur, 2016).

One of the most wildly published and understood problems and differences between customers of today and those of “yesterday” is that today’s consumer is extremely informed about the products on the market with access to information about potential

purchases virtually anywhere. A study in 2013 of more than 1400 business-to-business customers revealed that consumers now do up to around 60% of their transactions without ever needing to talk or communicate with a supplier or vendor (Frederic Brodeur, 2016).

Additionally, consumers have more buying power than ever with an *Accenture Global Consumer Pulse Survey* revealing that “62% of global consumers switch service providers due to poor customer service experiences.” This reiterates just how important it is to know your consumer and in this case Gen-Z (Frederic Brodeur, 2016)

The value of Gen-Z is also showing promising growth as their numbers and expenditure increase. Vanessa Merit Nornberg explained that, “Younger generations are much more conscious that previous ones to the impact their spending decisions can have on the world around them,” and therefore connecting with them and showing that your brand or company is absolutely necessary is important and unfortunately cannot be done if rapport and human-centric connections aren’t made (Frederic Brodeur, 2016).

#### **2.1.4. What is known of Generation Z?**

In short, what is known of Gen-Z, specifically in South Africa, can be summarized as not enough. But globally there are a few things that we currently do know about the new group which is starting to infiltrate corporations and garner their own income.

Renowned cloud-based customer intelligence platform ‘Vision Critical’ has been studying Generation Z and have found impressive information about Generation Z.

- **Media Habits**

Vision Critical found that Gen Z’s most used Devices were, in order, smartphones (15,4 Hours/week), television (13,4 hours/week) and then laptops (10.6 hours/week). Additionally, they use a combination of media channels simultaneously which means that omni-channel strategies are ideal in order to get the attention of them. Gen-Z, similarly to millennials have been found to avoid advertisements all together with a 41% increase in Ad-blocking software in 2015 alone (Vision Critical, Maru/VCR&C, 2016).

- Ad Preference

Vision Critical's study found that a 1/3 of Generation Y were drawn to advertisements that established an emotional connection whereas only 20% of Gen Z found that to be important. Instead 1/3 of the Gen Z respondents preferred and engaged more with advertisements which included or was endorsed by a celebrity or athlete.

- Research Population

Globally, it is estimated that Gen-Z makes up 2.52 of the population, making the group the largest on the planet. Additionally, Gen-Z draw inspiration and aspirations from all around the world. What this means for marketers is that the brands and companies they work for must be edgy enough to be considered relevant to the audience's counter parts around the world.

- Marketing Campaign Preference

Communication for campaigns that are targeted for Gen-Z should be brief and to the point as attention spans have been established to being just 8 seconds. Generation Z also shuns conformity and tradition therefore storytelling and having grand visual displays can assist in increasing engagement. 60% of Gen-Z also want to change the world compared to 39% of millennials. What this means is that promoting an uplifting positive message with products that make the world a better place for people and communities resonates well with Gen-Z.

(Vision Critical, Maru/VCR&C, 2016)



Figure 1: Source: Vision Critical

## **2.2. Marketers Analysis of Generation Z and Understanding the group on a Global Scale**

With Generation Z beginning to outnumber Millennials, Generation Y and the generations prior to that, Marketers and Strategists have begun to anticipate a change in consumer behaviour (Varsha Jain, 2014). This has led to a global scramble to understand exactly how this new breed of planet earths future inhabitants think, communicate, interact with their environment and to keep things aligned with this research, ultimately decide to buy into brands and actively interact with said brands touch/contact points.

Fortunately, some of these studies have come back and are available to the world. For Instance, according to Julie Gallagher who wrote a comprehensive article on behavioural aspects on Gen-Z, there are 5 things that marketers need to know and understand about Generation Z. Some of these aspects are applicable to certain populations of the older Generations, but are intrinsically second nature to the majority of Gen-Z (Gallagher, 2016).

For the most part, as long as digital technology has been around, people have welcomed its capabilities within their lives. So, it is no surprise that Gen-Z have also followed suit, but unlike before, the members of Generation Z are by far the most digitally dependent group on the planet when considering their relationship with technology (Gallagher, 2016). Jack Li, the Managing Director of *Datassential*, a Chicago market research firm specializing menu trend analysis, brand optimization, new product development as well market sizing solutions to retail channels and food markets, stated that ‘Baby Boomers’ were digital tourists whilst Generation Y are ‘Digital Immigrants’ which is to say that they were not born out of technology but rather emerged into technology as they were supposedly coming of age (Bloomberg, 2017) (Gallagher, 2016). Mr Li then followed by saying that Millennials are ‘digital natives’ whilst that lastly, Generation Z are digital dependents who quite literally can’t live with mobile devices and digital technology (Gallagher, 2016).

The second thing that marketers need to understand about Generation Z according to Ms. Gallagher is that Gen-Z is spurring or stimulating the rate at which new trends spread and evolve and thus marketers and brand strategists are in a position where they must be able to pivot and adapt accordingly (Gallagher, 2016). The reason for

this according to Jack Li is due to the first point which is that Gen-Z are dependent and interact with the world via digital platforms which allow for the instant sharing of information (Gallagher, 2016). For Instance, in the food or apparel market, it would take a while to learn about a new trend but now because of digital platforms like Instagram and Yelp, logging on to the platform exposes you to millions of visually rich bits of content instantly and thus the rates in which trends are being developed from rich insights and research happens much faster, specifically those related to Generation Z (Gallagher, 2016).

Regarding demographics, Ms. Gallagher highlights that Generation Z is by far the most ethnically diverse generation the world has seen with nearly half or 47% of its members identifying with being “ethnic” or non-white. This wouldn’t be worthy of note if you didn’t realise that this figure was just 28% for ‘Baby Boomers’ and 38% for Generation X (Gallagher, 2016). In South Africa, it must be noted that these statistics differ tremendously with an ethnic or a non-white population of 91.9% in 2016 (Statssa, 2016).

A few Years ago, another research publication was conducted by K. Williams and R. Page titled *‘Marketing to the Generations’* which like Julie Gallagher’s, was aimed at dissecting the generational traits of members of the global community. The journal article states that “Individuals within Generation Z are the new conservatives embracing traditional beliefs, valuing family and friend relationships, are self-controlled and more responsible than Millennials (Kaylene C. Williams, 2011).”

The researchers of the article state that members of Gen-Z are accustomed to a high-tech and multi-information environment that bombards them at all sides in life. The group greatly values authenticity and “realness” (Kaylene C. Williams, 2011). The article is quite interesting as even though it is technically old, it offers information that is common and agreed upon even in later years. The article further states that peer acceptance and a sense or self-concept of belonging is intrinsic in the decision-making process and self-expression process. Additionally, Generation Z are confident, optimistic and are more than willing to go on a mission to attain what they want (Kaylene C. Williams, 2011).

To conclude, K. Williams and R. Page state that marketers whom target this group should aim for early loyalty and capitalize on their hefty allowances as the group make

purchases for themselves. According to the authors, Gen-Z have 3 characteristics – These being: Instant gratification, success as an attainable given and liberal social values. Regarding marketing, Generation Z are very much aware of marketing tactics and can see through unauthentic, profit driven marketing and advertising (Kaylene C. Williams, 2011). Across the planet, the influence of Generation Z on family spending is also a factor that expands further into the need of understanding the group. For instance, car manufacturers have begun capitalizing on “Kidfluence” after nearly two-thirds of parents stated that their children influence their vehicle purchasing decision. This also translates to food in which a study found that 70% of family food choices are directly affected by what the children in the family want. Apparel and retail naturally is not exclusive to this phenomenon as individuals in Gen-Z have stated that fashion, cosmetics and music greatly offer mediums for self-expression, group acceptance and belonging (Kaylene C. Williams, 2011).

The consensus currently is that many companies are adopting multi-generational marketing and branding tactics whilst trying to diversify executions because of the age differences. Interestingly enough, it appears that many companies haven’t identified that age may be a major differentiating factor but with the younger generations not a purchasing barrier. Marketers thus must consider using omni-channel brand solutions that in the case of Generation Z market in such a way that focuses on the ideals, values and shared beliefs which from research seem to avert from age constraints.

### **2.3. Current Segmentation and Profiling Techniques**

For the most part retailers in South Africa and the rest of the world segment and profile consumers on a very demographical level – This to say that from known information and experience if a brand has a new product they will normally and only take into consideration what age, race, religion, LSM group, family size etc (Howell, 2012). the consumer using the product will fall under. This method has a lot of proven merit and the aim of this research is not to take away from this process and these segmenting and profiling techniques. Rather the research considering what is known about Generation Z, such as the fact that these parameters are merely guidance but will not for any reason be the main reason for purchasing said product, wants to explore if maybe looking at Gen-Z’s generational differences given they are growing numbers

and future purchasing power can be used as more impactful factors in developing branding and advertising solutions.

The previous section served as an introduction into the consumer being Generation Z, who they are, how they interact and what they value the most. It also discussed how marketers should see them and aspects to consider when developing branding, marketing and advertising solutions. This section will therefore take what is known about the consumer in the previous section and analyse how retailers in South Africa and the world have been segmenting and profiling consumers.

### **2.3.1. General Retail Segmenting and Profiling Processes and Techniques**

Depending on the nature of your business and the environment a company and brand is in will affect how it segments and profiles its consumers. The most common segmenting techniques include the following:

- **Dynamic Segmentation**

This technique focuses on segmenting and profiling consumers based on a set of pre-set conditions. These conditions could be taking into consideration what is currently in the customer's cart, recently viewed items or items previously purchased (Magento Enterprise, 2013). This technique is quite effective for online companies and brands as they allow for marketers to then customize banner ads or suggest to the consumer complimentary or general products of interests. It is all known as on-the-fly segmentation (Magento Enterprise, 2013).

- **Need-Based Segmentation**

Need-based segmentation is very useful in the sense that it allows marketers to set very defined objectives based on consumer needs. An example of Need-based segmentation would be a bank that segments its product on certain needs that people have such as marital-status or family size (Magento Enterprise, 2013).

- Demographical Segmentation

Demographical segmentation and arguably the most common segmentation technique focuses on segmenting consumers based on age, gender, household size, income, education level, occupation, ethnicity etc.

- Segmenting, Targeting and Positioning(STP) Model

The STP Model is a segmentation model or technique that is used around the world to accurately segment consumer, target specific individuals and assist in positioning products (Hanlon, 2016). It has been found to be very effective and works by identifying important characteristics of market segments, evaluating potential commercial attractiveness of various segments and then aiding in developing a marketing mix for each selected segment (Hanlon, 2016).

These segmentation techniques seem straightforward enough and for the most part, if you are doing your job right, might find that for any given product, multiple techniques are necessary to ensure all aspects are covered regarding correct targeting. Additionally, some consumers need-based conditions might overlap or even disagree with their demographical conditions. Proceeding with the example of a bank, a consumer who is a 21-year-old married women and another customer who is also a woman and 21 but isn't married, have the same demographical conditions but might have very opposing needs and thus different banking requirements which therefore can result in advertising confusion or ignorance.

According to Kotler and Keller, Other note-worthy segmentation variables that brands and companies in South Africa and around the world often use to segment and profile consumers are Geographical variables (Keller & Kotler, 2012) which focus on segmenting based on global and national regions, population, climate and geographical density; Behavioural variables such as page views, payment methods, reward program participation and Lifestyle Variables which address recreational and entertainment activities, social values, community affiliations such a religion, education and professional environments (Magento Enterprise, 2013).

As mentioned earlier, these methods have been tried and tested and have been proven to work. The problem though rests with Generation Z in which experience from working within one of South Africa's biggest players in the apparel retail industry

displayed on multiple occasions that this new consumer greatly deviates or ticks many of the variable boxes due to belonging to a “global village” and discards resulting forces such as “because I am 17, I must wear this brand for my age group.” Instead, rather opting for “because I am 17, I want to be considered an adult so let me go to the Adult section,” which results in the brand advertising to the “typical 35-year-old” and not realising that maybe the average 17-year-old may also consider that certain product.

#### **2.4. Exploratory Overview: Conclusion on how to effectively profile and segment Gen-Z**

This research aims to explore if there is indeed an effective way to profile individuals in Generation Z. Unfortunately, given that Gen-Z is relatively the newest group of consumers, there is extremely limited information on how to profile, segment and then market and brand to the group, especially regarding a South African retail market. Therefore, the basics of segmentation as well as customer profiling and understanding will need to be conducted – A process that will heavily rely on a combination of primary research, assessment of Gen-Z and lastly evaluation through the usage of academically and practically proven models and theories.

As stated, various models and theories will be used such as the ‘*Theory of Reasoned Action*’ which states that consumers make purchasing decisions primarily based on how they will feel afterwards (Ohio University , 2016) and the ‘*STP Model*’ which is a widely used consumer segmenting and targeting model. These theories will assist at various points to argue and facilitate the research outcomes and insights.

#### **2.5. Review Conclusion**

By understanding and having basic knowledge of the South African and global retail industry, the study can progress to assessing and deconstructing Generation Z by considering what is currently known about the group by marketers, companies, brands and psychologists around the world

A large part of this research relies on understanding current segmentation and consumer profiling techniques that retailers in South Africa and the World are currently

adopting and a substantial part of this review went into reading multiple sources and speaking to people who are in industry about the subject. This process allowed for identifying what was unknown and has assisted in formulating a basis for the primary research phase in which in depth exploration into whether effective segmentation and profiling on members of Generation Z using older models such as the STP Model is indeed the way forward or if newer more value-based and psychological models need to be developed to accommodate for an evolving market.

### **3. Chapter 3: Research Methodology**

The research questions will inform the methodology with regard to the appropriate research design and approach. The primary research question was to find out if it was more effective to segment and profile South African consumers in Gen-Z based on generational traits rather than isolated demographical/psychographic traits?

The secondary research questions / sub questions for the study was finding out:

1. What are the fundamental and most important questions Gen-Z are asking themselves before continuously purchasing from a brand?
2. What are the main reasons for the disconnection between brands and their communications with South African Gen-Z in the retail industry?
3. What media channel(s) do South African Gen-Z interact and engage with the most when being communicated to about brand offerings in the retail industry?

#### **3.1. Research paradigm**

The researcher in this study applied a Positivist Paradigm and believes that there is a single reality, which can be measured and known thereof (Hudson & Ozanne, 1988). Therefore the use of quantitative methods, even where qualitative responses are made, will measure the reality of the research topic (Patel, 2015).

##### **3.1.1. Ontology**

The researchers believes that there is a single reality that can be measured and understood.

##### **3.1.2. Epistemology**

Due to the researchers ontological stance, the focus will be on reliable and valid research tools to obtain the research data.

##### **3.1.3. Methodology**

The research methods will be experimental in nature and rely on survey research to deduce quantifiable data. Qualitative data will be used to inform the quantitative and provide factual relevance to outcomes and findings. Additional techniques that will be utilised will be statistical analysis and interviews.

### **3.2. Research approach**

The study utilized a combination of both exploratory and descriptive research. making use of various methods and tools which will be explained below. A 'QUAN + Qual'' research approach will be adopted emphasizing the exploratory nature of the research.

The research additionally utilized a combination of:

- Mixed-Method Descriptive Research

The descriptive research components will assist in observing and describing participants' behaviour and perceptions through the usage of Survey Questionnaires that combine qualitative and quantitative questions, Interviews and focus groups.

- Correlational Studies

Correlational study assisted in predicting the behaviour of Generation Z and developing insights from systemically observing the group and asking them questions based on secondary and primary research. Bias can be generated from this approach but observations will be serve as mere direction and observational parameters.

### **3.3. Research design Tools**

The research design tools that were used were:

- 60 Surveys

Mixed Method Surveys were issued and distributed online using Google Forms. The focus of these surveys was to understand how Generation Z are currently being targeted, if they felt clothing brands were communicating to them directly, whether or not they felt brands in the apparel industry understood what was important to them and what aspects of brand communication led to purchasing. Questions were also asked on what brands in the industry communicated the best and what specifically they were doing best to effectively connect with them. Surveys were sent to individuals in Pretoria, Johannesburg, Cape Town and Durban.

- 10 Personal Interviews  
10 Personal Interviews were additionally conducted to ask respondents on how they would prefer to engage with brands as well as if brands currently make an effort to tailor campaigns and brand messaging to relate with them.
- Case Study Analysis  
Various Case Studies were analysed to develop examples and gain secondary insights.

### **3.4. Population and sampling**

The size of sample is 80 People across research methods whom are all within the parameters of being under Generation Z, which was earlier agreed upon as being born between 1995 and 2010. The sample will include individuals across the racial, income and class spectrum (but trends within each of these demographical characteristics will be analysed and assessed.)

The sampling technique will take into consideration mid-year population estimates that were made available by StatsSA. The reason for this is to give a better representation of the South African Population. What this means is that a majority of the sample will be Black individuals and a minority being Indian and Asian individuals (Statssa, 2016).

A combination of Probability-Proportional-to-Size(PPS) Sampling which will address the proportional difference in race and LSM group differences of the South African population; Quota Sampling in which the sample will be segmented into mutually exclusive subsets or subgroups; Convenience Sampling which selects participants based on proximity and accessibility and lastly Snowball Sampling which will aim to recruit further potential participants in research whom are acquaintances or friends of previous participants.

### **3.5. Data collection**

Primary data collection will take shape in the form of gathering all the physical and online questionnaire surveys, responses to the interviews which will also be audio recorded for later analysis and sorting of the focus group responses and observations.

Due to the triangulation nature of Mixed-Method research in which combinations and the comparisons of the multiple sources, data collection and analytical procedures and research methods being used, it is important to emphasize that data was of a Concurrent Nested Design to confirm, corroborate and cross-validate various findings within the study (Schneider, 2012). The reason for this was to aid in eliminating any unintentional researcher bias in the process to ensure the most possible accurate findings and insights.

### **3.6. Data analysis**

#### **Qualitative Data was assessed on two levels:**

- Basic Level

Looking at descriptive account regarding what is said and commented on.

- Latent Level

A more interpretative analysis that is more concerned with why certain responses were inferred or implied. Key theories and concepts will play a vital role during this stage.

(University of Surrey , 2017)

Qualitative data went through a coding process to develop recurring themes.

#### **Quantitative Data was assessed by:**

- Assessing Frequencies of Variables such as why they purchase from certain brands and response to brand messaging and communications.
- Looking at the various differences between variables
- Conducting Statistical tests to estimate the significance of the results as well as to check if some responses occurred purely by chance.

(University of Surrey , 2017)

Data will be entered into Microsoft Excel to generate means, frequencies and other important analytical properties.

### **3.7. Limitations and delimitations**

Key limitations that might skew data findings include not having the ability to have participants whom are younger than 18 years of age. This might skew data as a large part of the Generation Z population, whom are a key aspect of the entire study, are younger than 18 and might hold valuable information that might be missed due to ethical limitations within the Vega and IEE Code of Conduct.

#### **Validity, Reliability and Trustworthiness**

Validity refers to the quality of being logically or factually sound, reliability refers to the quality of the quantitative research and because reliability of the qualitative data is difficult to measure, trustworthiness is applied instead (Dictionary.com, 2017).

Sources, even those found online, were be cited and used only if they came from credible and reputable sources. Many of the sources for the literature review came from textbooks and seminal sources primarily published by Universities. Articles were used as secondary sources to reiterate points and expand on published journals.

Primary data was put through software to ensure that human error was reduced as much as possible and through the process of an external supervisor, reliability and trustworthiness will be of the utmost importance.

Secondary data on the other hand was tougher to validate but through the process of using multiple credible sources, trustworthiness and reliability was increased extensively.

## 4. Chapter 4: Findings, Insights and Discussion

This chapter will summarize all findings into key findings and Insights from the data that was analyzed from the primary and secondary research. They will also be discussed in detail with regard to their implications and objective of answering the research questions posed by the researcher.

### 4.1. Primary Research Findings

#### 4.1.1. Online Survey Findings

The Online survey on Google Forms was sent out to a total of 60 individuals in Pretoria, Johannesburg, Durban and Cape Town. Primary Participants were aged between 18 and 22 with 5 participants being slightly older. This was allowed to get additional insight into generational differences. The gender split was almost identical with 53% being female and 47% being male.

Findings were as follows:

- Generation-Z exposure to clothing brand messaging and advertising

The sample was asked which platforms they are most exposed to when it comes to branding from clothing brands. 72% of respondents stated that Digital Platforms such as Social Media and online banner ad's were the platforms they predominantly interacted with when it came to clothing brands. Word-of-Mouth and Personal Selling were cited by 40% and 33% as being used respectively. Experiential Marketing and Print Media were cited by 19% and 9% respectively.

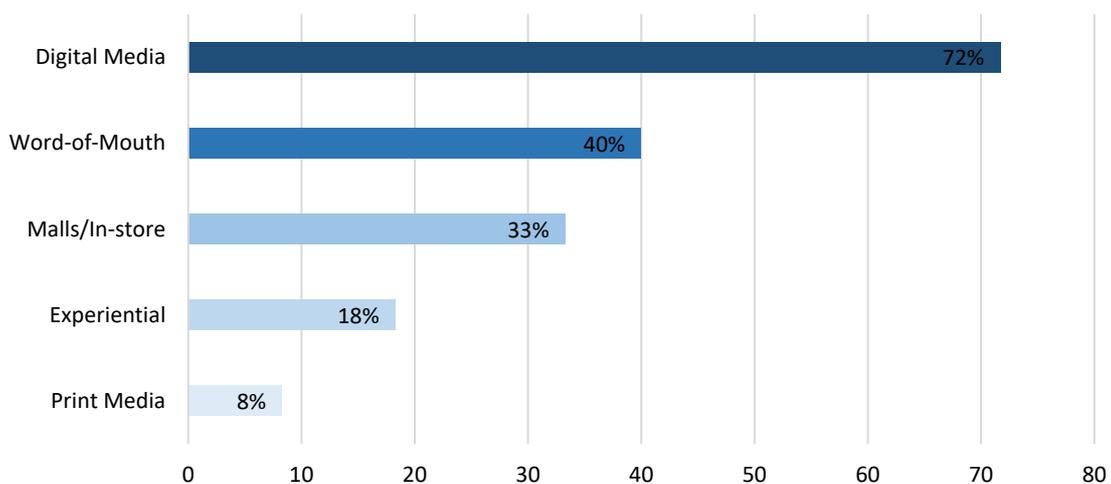
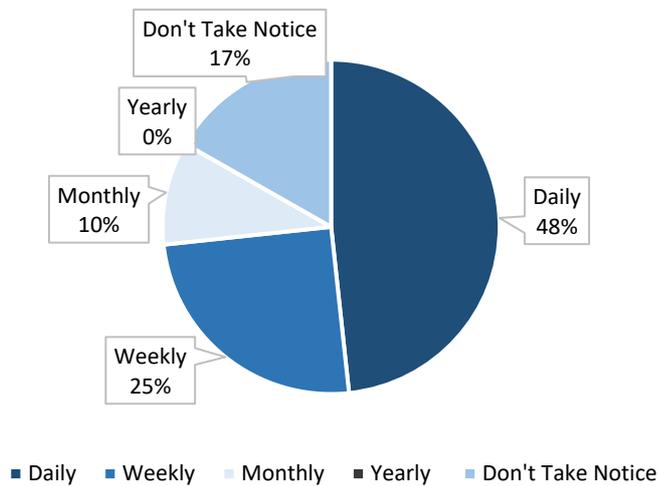


Figure 2: Gen-Z retail clothing brands communications expose platforms bar graph findings

- Generation-Z brand Advertising Exposure

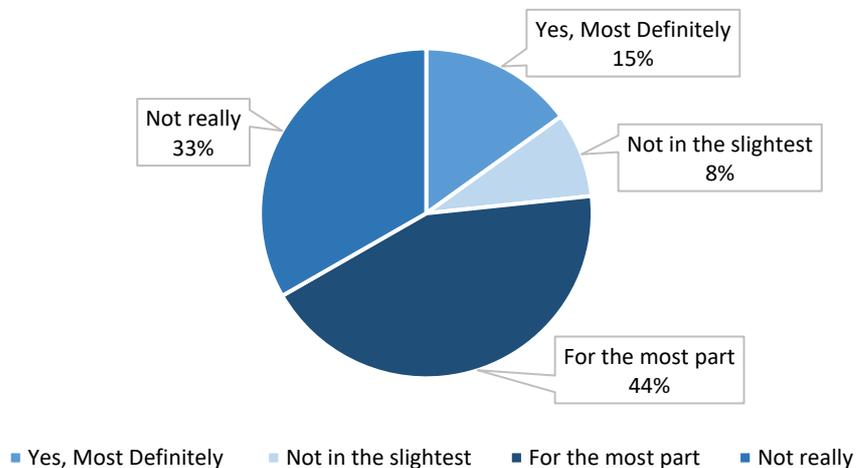
The sample was asked on average how often they are exposed to clothing brand advertising across touch points. 48% of the respondents stated that they are exposed to advertising and communications on a daily basis. 25% said weekly whilst 17% stated that they didn't take much notice at all.



**Figure 3: Gen-Z clothing brand exposure rate pie chart findings**

- Generation-Z understanding of brand identity and Offering

Respondents were asked if they felt that clothing brands in South Africa communicated effectively regarding who they were and what they were offering them. 43% of the sample stated that for the most part, they felt that brands were clear enough in who they were and what they offered whilst 33% stated "Not

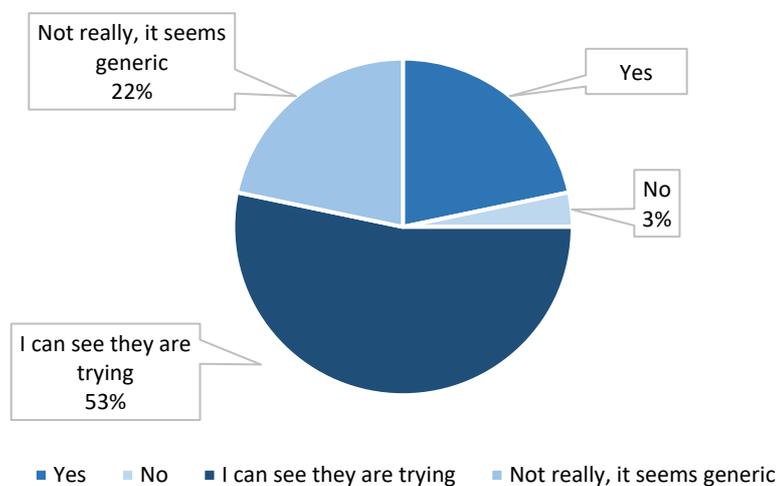


**Figure 4: Gen-Z perceptions on clothing brands communications of identity and offerings, pie chart findings**

Really.” Only 5% felt that brand were completely ineffective in communicating brand identity and offering.

- Generation-Z perception of Clothing brand segmentation and targeting

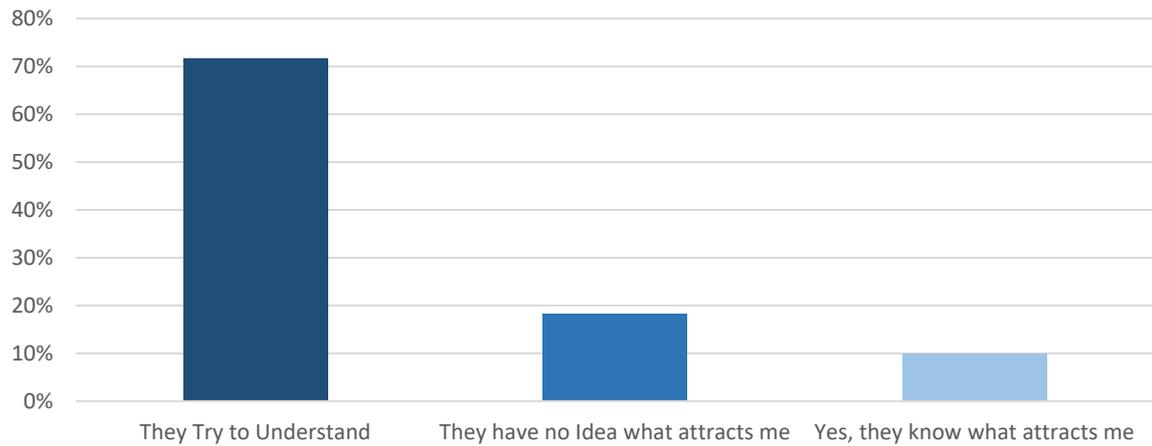
Respondents were asked whether or not they felt brands were communicating and engaging with them in an effective way. 53% of the respondents felt that they can definitely see that brands are genuinely trying to communicate in more engaging ways. 22% felt that brands are communicating effectively whilst another 22% felt that retail clothing brands were generic with their communications.



**Figure 5: Gen-Z perceptions on effectiveness of clothing brands communications efforts, pie chart findings**

- Generation-Z vs Retail clothing Brand Segment Understanding: Perceptions

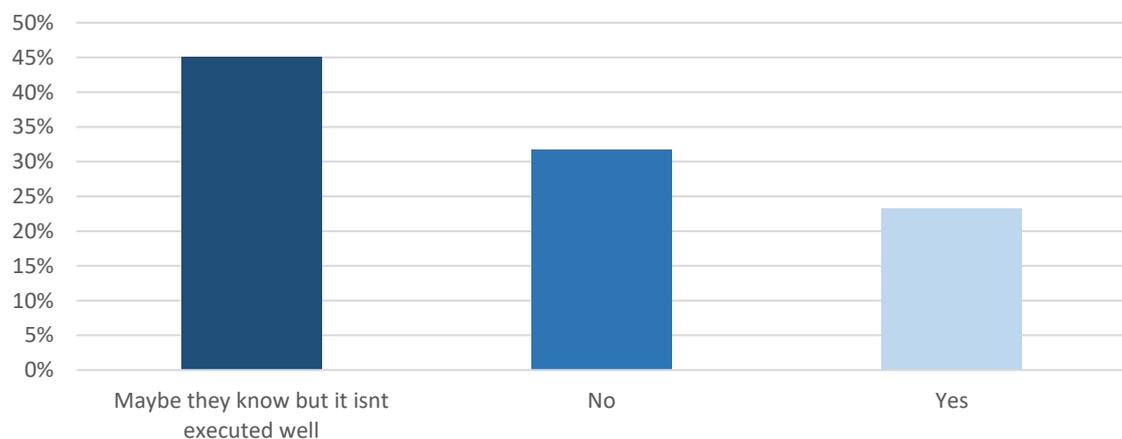
The sample was asked if they felt that clothing brands in South Africa were aware of the things they were interested in and would attract them to their brand as opposed to another brand. 72% of the respondents felt and could identify that the brands in the retail clothing industry at least were trying to understand and connect with them. 10% could definitively say “yes” they thought brands in the industry understood them whilst 18% felt that brands completely didn’t understand them.



**Figure 6: Gen-Z perceptions of clothing brands information on segment interests, bar graph findings**

- Retail Clothing brand communications perceptions by Generation-Z

The sample was asked if they think clothing brands in South Africa understand what is important to them and translated through advertisements. 45% of the respondents said that they think brands know what is important to them but that it isn't translated through their advertisements and communications whilst 32% said they didn't think brands knew what was important to them.



**Figure 7: Gen-Z perceptions on clothing brands inclusion of important triggers in communications, bar graph findings**

- Clothing Brands Understanding of Generation Z: Perceptions

The sample was asked if they felt that retail clothing brands understood them as much as the older generations. 43% of the Respondents felt that retail brands didn't feel that brands know them any less than the older generations whilst 20% felt that brands do in fact no them less.

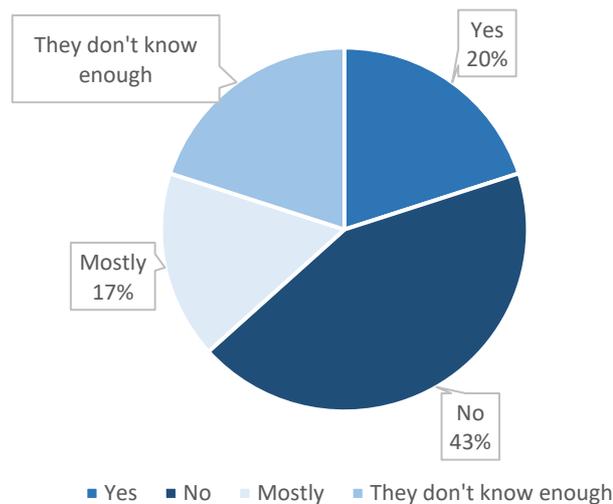


Figure 8: Gen-Z perceptions of clothing brands understanding, pie chart findings

#### 4.1.2. Personal Interview Findings

10 Interviews were conducted on individuals aged between 18 and 22. The sample was chosen at random but a 50/50 gender split was done. Participants were predominantly from Pretoria and Johannesburg due to convenience.

- Clothing Brand focus on Generation-Z for Marketing and Campaign Efforts

The interviewees were asked what retail clothing brands should focus on when they want to connect with people their age. Respondents mostly cited that retail clothing brands are desirable and resonate well if their display creativity, individualism and an understanding of personal expression through their brand and product.

- What Generation-Z look for when considering what to buy from clothing brands

The interviewees were asked how they decide on which section to go to and what they look for in-store. Respondents predominantly browsed based on Gender and which items expressed their own sense of individualism. Two respondents went as far as saying that they looked at what their peers were wearing and opted to purchase items that were substantially different in style.

- Disconnection between retail clothing brands and Generation-Z

The interviewees were asked if they felt a disconnection between themselves and retail clothing brands in South Africa. 80% of the respondents felt there was a

disconnection between South African retail brands and Generation-Z. Problems identified was the generic compartmentalization of consumers and brands following global apparel trends instead of understanding local individualism.

- Perceived Brand Targeting Method of Generation-Z

Interviewees were asked if they felt clothing brands focus more on demographic or psychographic traits when developing campaigns and marketing based on communications. 60% of the respondents stated that they felt brands focus more on the demographical traits with 30% stating that they felt brands consider both. Only 1 interviewee felt that that brands predominantly consider psychographic traits of Generation-Z.

- What could be improved by brands to resonate better with Generation-Z

The interviewees were asked what could be improved by clothing brands to create interest and stronger connections. 30% of the interview sample wanted to see more influencers being utilised by brands who are young and within the same generation. 50% felt that clothing brands needed to show more relatability and individual expression. Only 1 interviewee felt product quality was an issue that needed improving.

#### **4.2. Secondary Research Findings**

Author, CEO of The Tapscott Group and influential academic on the impact of technology Don Tapscott has described the technological likeliness and behaviour of Generation Z as, "The most profound generation gap ever: a digital divide between parents who see the Internet as disrupting society as we know it ... and their kids, who are not only at home with the technology... But are already driving many of the shifts happening in how we communicate, the way we access information and the culture we consume (Kaufman, 2014)."

Millennials came with many challenges and marketers and brand strategists had to adapt relatively quickly to the way they consumed media, engaged and interacted with brands. Generation Z on the other hand has been referred to as millennials on a much more elevated level (Kane, 2017). Generation-Z want to have holistic brand experiences across all readily available brand communications touchpoints. Their

mindsets and, for the lack of a better word, 'brand entitlement' means they expect brands across all industries to provide them with interactions that are intrinsically personal to their social values, beliefs and aspirations (Kaufman, 2014).

From a populations point of view, according to Kantar MillwardBrown, South Africa's Generation-Z (Only Aged 16-19) make up for 7% of the population (Kanter MillwardBrown, 2016) According to Ryan Jenkins, Millennial Speaker and Generations expert, for strategists and marketers this may come as a positive variable but they are unfortunately dealt with a population segment that is so segmented within itself based on factors that extend demographic and psychographic traits as a direct result of their diversity (Jenkins, 2017).

One of the main challenges in segmenting Gen-Z relates to their global or world view of almost anything they encounter. This has allowed the population to systematically start impacting and influencing how the rest of the human population, locally and internationally, actively operate physically and mentally (Jenkins, 2017).

Jenkins sates that, "previous generations are assimilating the behaviors of the emerging generations for two primary reasons:

- Transparency. The Internet and social media has allowed people to experience what's important and top of mind for the emerging generations instead of it being locked in a diary.
- Self-preservation. To remain relevant and functional in a high-tech world, previous generations are looking to the emerging generations for cues on how to use and leverage technology."

(Jenkins, 2017).

Generation-Z sometimes feel misunderstood for various reasons. One of the main reasons has to do with their sense of maturity, connectivity to anyone, anytime and ability to communicate globally for things as trivial as for instance playing a video game online. 58% of adults globally aged 35 and older agree that "Kids today have more in common with their global peers than they do with adults in their own countries (Jenkins, 2017)."

A recent study by AdReaction from Kantar MillwardBrown on Generation-Z titled '*Engaging Gen X, Y and Z*' identified a selection of various key opportunities for brands to connect with Gen-Z in South Africa. These opportunities include:

- Creative approach to making a difference  
Variables such as music, humour and celebrities have all been found to make Gen-Z more receptive to advertising and brand communications. They population is also attracted to ads that allow them to co-create or see what happens when they make decisions that would impact results. They are more positive towards brands that let them vote for something to happen (31% compared to 25% for Gen Y,) choose an option (28% compared to 25%) or take decisions (27% compared to 22%).
- Design and Creativity Matters  
Generation-Z has been found to be an extremely design-conscious consumer and will take note of an ad's aesthetic qualities and appreciate the use of new immersive formats like Augmented Reality and Virtual Reality. Innovation media formats like native ads, sponsored lenses and sponsored filters all attract much stronger approval with Gen Z than other age groups.
- Application of Local Scenarios is key  
Generation-Z is not homogenous and local insights reveal further distinctions. In China, for example, Gen Z want music in ads to be upbeat, playful and fun. By contrast in Germany, Gen Z seeks music that helps them to understand the message without listening to a voiceover. Understanding South African Nuances is imperative to greater brand connections.
- Don't Completely ignore the power of traditional media  
Despite Gen-Z's digitally dominated media consumption, the group can still be thoroughly impressed by traditional media. While they spend less time with traditional media (51% watch an hour or more of TV a day compared to 74% for Gen X), Gen Z are consistently more positive about ad formats such as outdoor, print ads and cinema, TV and radio ads than standard digital alternatives. This can allow for increased creative freedom by marketers and brand strategists.

(Kantar MillwardBrown, 2017)

These findings above will inform the key findings and insights with regard to how to target Generation-Z in the South African retail clothing market. They can't be used in isolation with strategies but be considered when designing and formulating segmentation reports.

### **4.3. Key findings, Insights and Discussion**

The primary research problem was to find out if it was more effective to segment and profile South African consumers in Generation-Z based on generational traits rather than isolated demographical and psychographic traits. Determining this was difficult due to the need of having to detach each of the variables, which are usually co-dependent, and assessing each independently to establish the importance of each and how they each affect brand loyalty, brand buy-in and brand resonance.

The secondary objectives were establishing what questions Generation-Z were asking themselves to determine their brand loyalty which was highlighted and addressed in the online surveys. The research additionally aimed to understand if there was in fact a disconnection between local clothing brands and their communications with South African Generation-Z consumer which the interview questions informed and addressed. Lastly research was undertaken to understand what media channel(s) the South African Generation-Z consumers interacted and engaged with most when being communicated to about brand offerings in the retail clothing market and if it as affective.

#### **4.3.1. Key Finding 1**

- 60% of Generation-Z feel that retail clothing brands focus more heavily on isolated demographical traits such as age and gender when targeting and segmenting them despite 80% identifying generic compartmentalization and segmentation as the reason for consumer-brand disconnect.

Key finding 1 answers and informs many aspects of the research questions and objectives. The research shows proof of a disconnection, at least at a communications level, between retail clothing brands and Generation-Z. 50% of the sample stated that they would resonate better with clothing brands if they exercised the usage of brand

communications that were relatable and less generic. Respondents also stated that they felt that retail apparel brands seemed to generically compartmentalize the target audience and segment all the consumers in a way that didn't resonate as effectively as the brands could potentially be doing.

Communications and Public Relations Specialist firm Edelman conducted research into Generation-Z and found that in-order to connect with the group you had to do 5 things very well. These included 'Appealing to their Values.' Generation-Z grew up in a world in which values and societal norms went through radical changes (e.g. Same-Sex Marriage laws and Portrayal globally) and have had to intrinsically develop their values as part of their very own identity (Nguyen & Edington, 2016). Aspects such as tolerance and acceptance are important to them and brands need to accommodate for people on all parts of the spectrum. Louis Vuitton addressed this well in their spring/summer 2016 campaign when influential Gen-Z celebrity Jaden Smith appeared on the catalogue and cover wearing a skirt. This strategy sent a message of self-expression that was ungoverned by traditional roles and was met with praise (Nguyen & Edington, 2016).

#### **4.3.2. Key finding 2**

- Generation-Z resonate better with brands that showcase individualism, creativity and self-expression through their brand communications.

With research showing that targeting and segmentation based on gender and age is important, retail clothing brands shouldn't ignore that targeting and communications that accentuate self-expression and creativity will result in higher interest and noticeability from Generation-Z. Finding 1 addressed that audience in the Generation-Z target audience feel that brands segment them predominantly based on age and gender and would like to see elements of personalization come out more.

Therefore brands should attempt to segment their target markets for certain products based on the type of person who would benefit from it focusing on interests, life stages and what they would want to communicate through the usage of the product.

Edelman's research conducted on Generation-Z also highlighted that another aspect to understand with regard to the group is to always portray authenticity and personality (Nguyen & Edington, 2016). Generation-Z were born with information at their fingertips and are much more careful with what they purchase. They can see through corporate sugarcoating and ingenuine efforts of attempting to connect with them (Nguyen & Edington, 2016).

### **4.3.3. Key Finding 3**

- 72% of Generation-Z recall brand communications made on digital media outlets (Social Media and Web banners) with 40% citing Word-of-Mouth as the 2<sup>nd</sup> most effective platform to hear about retail clothing brands.

It is no secret that Generation-Z prefer to engage with brands via social media as it is convenient and allows for a level of freedom as to whether or not they want to interact or even see advertisements. The important aspect of this is understanding why and how it relates to targeting and segmentation for brands.

Additional to what was proven in Key findings 1 and 2, retail clothing brands need to use Social Media and other digital media platforms as tools to communicate to Generation-Z with the purpose of forming strong connections with their determined segments and target audience. If these connections are strong enough, it will be due to social media and powerful brand messaging that leads to word of mouth advertising. The fact that 72% of respondents felt that retail brands genuinely try to understand them means that brands are not far from producing strong brand communications on these channels.

## **4.4. Executed Validity and reliability / trustworthiness**

### **4.4.1. Reliability**

The questions asked in the Online Surveys and Personal Interviews were setup in such a way to inform and give feedback into the reasons of other questions. This was done to establish a level of bias avoidance. Some results appeared more than once and reiterate the consistent view point of the overall sample and therefore reflected

accurate representations of the total populations under study. There were a few off liars who had completely unexpected and/or opposite responses and these results were taken into consideration based on the reasoning behind them.

#### **4.4.2. Validity:**

The research was quantifiably able to measure the outcomes of the research questions and various methods were used to ensure the truthful representation of the research findings in the form of transcripts and raw data. Answers were developed and discussed as to how retail clothing brands should analyse the data and their implications to future brand efforts.

#### **4.4.3. Trustworthiness**

Validity is difficult to prove with qualitative data so trustworthiness needs to be established between the respondents and the researcher. Individuals who took part in the study were considered to be credible and encouraged to answer as truthfully and accurately as possible.

## **5. Chapter 5: Conclusion**

The following chapter will serve to summarise the research study and conclude with answers to the research questions as well as stipulate the implications of the findings for retail apparel/clothing brands in the future.

The report introduced the topic and gave background into the context to which the research would be applicable to retail clothing brands in the South African market. A literature review was conducted to ensure that aspects that had been previously researched would inform and give better direction to concepts and models that relate to the study. The research methodology was included to inform how the primary and secondary research would be conducted and analysed with findings being developed, studied and prioritised.

### **5.1. Concluding answers to the research questions**

#### **5.1.1. The primary research and Answer**

Is it more effective to segment and profile South African consumers in Gen-Z based on generational traits rather than isolated demographical and psychographic traits?

- Yes. Demographical and psychographic traits are still incredibly important when segmenting and targeting Gen-Z but generational traits greatly inform specific segments within Generation-Z group which result in a far greater response from the target group.

#### **5.1.2. The secondary research questions / sub questions and Answers**

1. What are the fundamental and most important questions Gen-Z are asking themselves before continuously purchasing from a brand?
  - Generation-Z consumers ask themselves whether or not the brand in question represents how they want to express themselves and whether or not it adds value with regard to their own individual identities.
2. Is there a disconnection between retail clothing brands in South Africa and Generation-Z and what are the main reasons for the disconnect?

- Yes, there is a disconnect between retail clothing brands in South Africa and Generation-Z. This disconnect is due to South African retail brands being perceived as generic and compartmentalising South Africa Gen-Z consumers with those internationally.
3. What media channel(s) do South African Gen-Z interact and engage with the most when being communicated to about brand offerings in the retail clothing industry in South Africa?
- South Africa's Generation-Z resonate well with Social Media and digital media outlets given the communications are creative and speak directly to their social aspirations and interests.

### **5.2. Implications of findings for future practices in the retail clothing market.**

The branding landscape and academic knowledge of the field is continuously changing as the market and people change due to the study being in the social sciences. It is therefore important to always be adapting and adding to the available knowledge to assist marketers, advertisers and brand strategists to make the most academically informed decisions.

This study will directly impact variables and conditions to which marketers, advertisers and brand strategists consider when segmenting their target market within the Generation-Z population by informing on not just the demographical and psychographic consumer traits of Gen-Z but also the profound generational traits of the population that have direct impact on purchasing decisions and consumer buy-in.

The study will also inform on the methods that should be considered when determining brand communication platforms, methods and subject matter.

This information may become extremely valuable to individuals that work in the retail clothing industry due to its immediate application qualities. Brands in this industry can benefit from understanding that this emerging and valuable population group expect them to target their direct interests and generational traits such as individualistic

expression and that such efforts and initiatives will lead to increased brand salience and resonance.

The study can additionally be utilised by individuals outside of the retail clothing industry as it was predominantly a study on understanding Generation-Z as a population and aspects that would aid in increasing efficiency of how to target them.

### **5.3. Conclusions**

This research study proved the hypothesis that Generation-Z are different to previous generations and that brands need to understand the populations specific generational traits whilst still utilising pre-existing segmentation and targeting models and methods to form stronger connections with the target audience.

The study was successful in gaining a relatively in-depth analysis of Generation-Z and the various variables that they consider when it comes to interacting and engaging with retail clothing brands.

Recommendations and industry applications were discussed as to how each variable of the study can be utilised in future.

The topics that were discussed in the research report were separated into 5 sections:

- Chapter 1 that served as the introduction to the research topic, contextualising key concepts and defining the background to the study as well as stipulating the problem the study served to address including the rationale and purpose in the form of research questions and objectives the study wanted to solve.
- Chapter 2 that served as a comprehensive literature review that expanded on theoretical foundations of the study in which Seminal sources, various news articles and journals were used to understand what was currently known and what was unknown about the topic. Current literature from the last 5 years was used throughout the document to link to the research problem and serve as the basis for the over-arching study.
- Chapter 3 served as the research methodology illustrating how the researcher intended on reaching concrete findings and insights to answer the research questions. This included the approach to research, population characteristics, sampling processes and limitations faced.

- Chapter 4 served as the Findings Chapter that summarized the data analysis that resulted in key findings, addressing insights and understanding the anticipated contribution to the field and the South African Retail clothing industry.
- Lastly Chapter 5 served as the conclusion chapter summarising answers to the research study with justification as to the benefits of the research undertaking with Ethical Considerations below that the researcher considered throughout the research and study process.

#### **5.4. Ethical considerations**

The following is a list of ethical considerations that the researcher took into account throughout the research process:

1. Full Consent will be obtained from any participating parties prior to the full research being published.
2. Respect for the dignity of all participating parties shall be of the utmost importance and shall be prioritised.
3. Anonymity of all individuals and/or organisations whom will be participating in the study will be ensured unless stated beforehand to the party regarding the nature of the disclosure.
4. Participants of the study will not be subjected to any harm whatsoever.
5. An adequate level of confidentiality of the research data will be guaranteed.
6. Conflicts of interests and affiliations will be declared beforehand given they do occur throughout the research process.
7. Exaggerations, Deceptions and fabricating of information will shall not occur and will be avoided at all costs.
8. Communication in relation to the study will be undertaken honestly and with transparency.
9. The acknowledgement of the works by other authors used anywhere within the study will be referenced accordingly using the Harvard referencing system.
10. Misleading information and the representation of primary data bias will be avoided at all costs.

11. Use of offensive, discriminatory and/or unacceptable language will be avoided in the formulation of the research tools and research paper.
12. Abiding to the Vega and IEE Code of Conduct will be ensured.

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**Appendices:**

**A: Ethical Clearance Form**

**B: Informed Consent Form (qual data)**

**C: Questionnaire (quant) / Interview or Focus group Schedule (qual data)**

