

# Millennials and Generation Z: A Generational Cohort Analysis of Indian Consumers

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## ABSTRACT

The study aims to analyze the differences in consumer decision-making between Indian Millennials and Generation Z, as these groups are critical for businesses worldwide. While existing research often considers both as a single segment, this work distinguishes their behaviors to provide deeper insights. Using the Generational Cohort Theory (GCT) as a framework, the study adapts psychographic questionnaire items from prior research to suit the Indian online shopping context. Through factor analysis of data from 56 participants, the research identifies three key consumer orientations: frugality (price sensitivity), convenience (preference for home delivery), and social desirability (status-driven choices). A test reveals that, while both generations favor online shopping, Generation Z exhibits greater enthusiasm compared to Millennials. The findings suggest that, despite shared characteristics, the two cohorts display distinct consumer behaviors. Marketers must therefore develop tailored strategies and communications to resonate with each group effectively. Notably, this study is among the first to examine generational differences in India, a diverse and complex nation, highlighting the unique consumer landscape. Unlike studies from Western contexts, these results emphasize the need for localized insights in developing countries, offering valuable contributions to understanding generational cohorts in India.

**Keywords:** Millennials, Generation Z, Indian Consumers, E-Commerce, India.

## INTRODUCTION

India's e-commerce sector has witnessed significant growth in recent years, driven by increasing internet penetration, rising smartphone adoption, and changing consumer behavior. While many studies focus on online shopping, there is limited research on the intergenerational differences in consumer behavior, particularly among Indian Millennials and Generation Z. This study bridges that gap by analyzing these cohorts' online shopping preferences using the framework of Generational Cohort Theory (GCT), which categorizes generations based on shared life events and socioeconomic developments.

The formative years of a generation significantly influence its values, attitudes, and decision-making behaviors. While existing studies predominantly focus on Western countries, India's unique socioeconomic and cultural landscape necessitates localized insights. Millennials and Generation Z form a substantial portion of the Indian population, wielding significant influence in society. Understanding the behavioral differences between these groups is vital for marketers seeking to tailor products and communication strategies.

This study aims to identify decision-making styles prevalent among the two cohorts and assess their differences. Through questionnaires, data were collected and analyzed using factor analysis to uncover key patterns. The findings are expected to offer actionable insights into the shopping behaviors of Millennials and Generation Z, enabling marketers to effectively position their offerings. Furthermore, the research contributes to the broader understanding of generational cohorts in a culturally diverse and dynamic nation like India, emphasizing the importance of regional perspectives in studying consumer behavior. This pioneering work sets the foundation for future research into generational consumer patterns in developing countries.

## REVIEW OF THE LITERATURE

### Generational Cohort Theory

The term “generation” was first defined by Emile Littre in 1863 as “all men living more or less at the same time.” Over time, the significance of generational divisions increased, particularly due to advances in technology such as the World Wide Web, which altered communication patterns and diluted traditional family influences. Generational Cohort Theory (GCT), introduced by Inglehart in 1977 and popularized by Strauss and Howe in *Generations* (1991), describes cohorts as groups of individuals born within the same 20–25 year period who experience shared formative events. These events often shape core values, attitudes, and behaviors that persist throughout their lives.

For India, unlike Western counterparts, major formative events such as economic liberalization, globalization, and technological proliferation during the 1990s have defined its generational cohorts. Economic policies implemented during this period enabled privatization, reduced restrictions on foreign investments, and fostered the growth of telecommunications and IT industries. Such societal transformations have profoundly influenced Millennials and Generation Z, particularly regarding their consumer behaviors and decision-making styles.

### Millennials (Generation Y)

Millennials, also referred to as Gen Y, Digital Natives, or Echo Boomers, were born between 1981 and 1995 and account for 21–26% of the global population. Indian Millennials emerged during a transformative period shaped by economic liberalization, technological advancements, and globalization. They were the first generation to mature in “liberalized India,” experiencing increased job opportunities, dual-income households, and rising education levels. Unlike their Western counterparts affected by the 2008 recession, Indian Millennials maintained economic stability, allowing for greater material consumption.

As consumers, Millennials exhibit materialistic tendencies, viewing possessions as expressions of social status. They are also characterized by their embrace of the sharing economy, favoring services such as Uber and Airbnb, which align with their experiential preferences. These traits differentiate them from previous generations, whose lifestyles emphasized austerity. Millennials’ social consciousness and brand attachment make them highly influential for marketers aiming to target this segment effectively.

### Generation Z

Generation Z, born between 1996 and 2010, constitutes approximately 27% of the global population, with a significant presence in developing economies such as India. Commonly referred to as Post-Millennials or Centennials, this cohort is distinguished by its tech-savvy nature, rational decision-making, and global connectivity. Members of Generation Z actively compare products and services, often favoring e-commerce platforms over physical retail stores due to their accessibility and convenience.

Generation Z shares certain characteristics with Millennials, such as technological affinity, but differs notably in its consumer approach. They tend to be skeptical of established brands, challenging marketers to develop strategies that emphasize transparency and authenticity. As early adopters of digital technology, Generation Z individuals are not only active consumers but also influential in shaping their family’s purchasing decisions. These traits position Generation Z as a pivotal consumer segment for marketers.

### Consumer Decision-Making Styles

Consumer decision-making styles, often referred to as shopping orientations, provide a framework for understanding how individuals approach purchasing decisions. These styles encompass a range of attributes, such as price sensitivity, convenience, and brand loyalty, offering psychographic insights beyond traditional demographic measures like age and income. Vijayasathy (2003) and Gehrt et al. (2012) emphasize that shopping orientations reflect interests, activities, and opinions tied to consumption practices.

Among Millennials and Generation Z, these styles reveal unique patterns. Millennials display a focus on materialism and brand-consciousness, often seeking products that align with their social aspirations. Generation Z, conversely, adopts a more pragmatic approach, weighing pros and cons extensively before making purchases. For both groups, understanding these orientations is essential for marketers to effectively segment their audience and tailor value propositions.

### Indian Context and Implications

India's generational cohorts have been profoundly influenced by socioeconomic changes such as urban migration, rising disposable incomes, and technological advancements. Events like liberalization during the 1990s led to the proliferation of private industries, digital media, and nuclear families, shaping the consumer behaviors of Millennials and Generation Z in distinct ways. These generational differences highlight the need for localized insights in market research, as Western frameworks often fail to capture the complexities of Indian society.

For marketers, these cohorts present distinct opportunities and challenges. Millennials respond well to campaigns emphasizing status, quality, and experiences, while Generation Z requires innovative approaches that prioritize convenience, transparency, and authenticity. The rise of e-commerce provides an ideal platform for engaging Generation Z, whose shopping behaviors are heavily influenced by digital connectivity. Tailored strategies are essential for addressing the diverse preferences and expectations of these generational groups.

## METHODOLOGY

### Questionnaire Development and Data Source

The study employed a survey instrument incorporating psychographic measures alongside five demographic variables to analyze consumer decision-making styles. Psychographics, focusing on shopping orientations, were adapted from prior research on store and catalog orientations and rephrased for relevance to the Indian online shopping context. Demographic data were included to compare Millennials and Generation Z, providing insights into each cohort's profile and its association with specific shopping orientations.

The questionnaire underwent pilot testing among a convenience sample of 30 participants, comprising scholars and undergraduate engineering students. This test ensured clarity and comprehension; only minor adjustments to wording and layout were required before final distribution. Identical questionnaires were administered to both generational cohorts, with slight demographic variations tailored to each group. Respondents were asked to rate psychographic statements on a five-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5). Participants were explicitly instructed to reflect on their e-shopping experiences while completing the survey.

To enhance participation rates, a ₹5 pencil was provided as an incentive, a common practice among scholars to improve survey completion rates. The data collection process controlled for gender to ensure balanced representation, achieving near-equal distribution between male and female respondents. Millennials' data were collected from IT company employees aged 28–44, while Generation Z's data were gathered from graduate and high school students aged 13–28. The final dataset comprised 25 usable responses from Millennials and 31 from Generation Z, minimizing single-source bias and facilitating robust cohort comparisons.

### Sample Characteristics

**Millennials (Gen Y)** The Millennial cohort consisted of 25 respondents, with 32% females (8) and 68% males (17). A significant proportion (78.7%) were in the early stages of their careers, while 14.6% held mid-career positions, and 6.5% were managers. Approximately 72% of Millennials reported shopping online 21 times in the previous year, spending more than ₹50,000 during this period. Household income data revealed that 67% of participants belonged to middle-class families, with monthly earnings below ₹60,000. These findings align with India's broader demographic profile and highlight Millennials' significant engagement with online shopping platforms.

The Generation Z cohort comprised 31 respondents, including 61% females (19) and 38.70% males (12). This group included high school students (38.1%), college students (40.1%), and employed individuals (21.7%). Most Generation Z respondents (76.5%) were aged between 13 and 28 years. Their online shopping frequency averaged 16 times annually, with expenditures exceeding ₹16,500. Notably, the respondents predominantly came from affluent families, as the data collection targeted private high schools and engineering institutes. Generation Z's consumer behavior reflects their growing influence in the online retail space.

The study's methodology ensured diverse and representative sampling across the two cohorts, providing valuable insights into their distinct shopping behaviors and preferences.

## ANALYSIS

### Data Analysis Techniques

To examine the buying behavior differences between Gen Z and Millennials, the data were analyzed using IBM SPSS. Descriptive statistics were initially generated to understand the basic characteristics of the dataset.

Correlation Analysis was employed to explore the strength and direction of relationships between key continuous variables such as brand loyalty, price sensitivity, and social media influence. This helped in identifying significant associations relevant to the two generational cohorts.

Cross-tabulation was used to analyze categorical variables, such as purchase frequency and preferred shopping platforms, across generational groups. Chi-square tests were applied to assess the statistical significance of observed differences.

Additionally, graphical analysis (e.g., bar charts, clustered column charts, and pie charts) was conducted to visually illustrate the distribution of buying preferences and trends among Gen Z and Millennial respondents, facilitating easier interpretation and comparison.

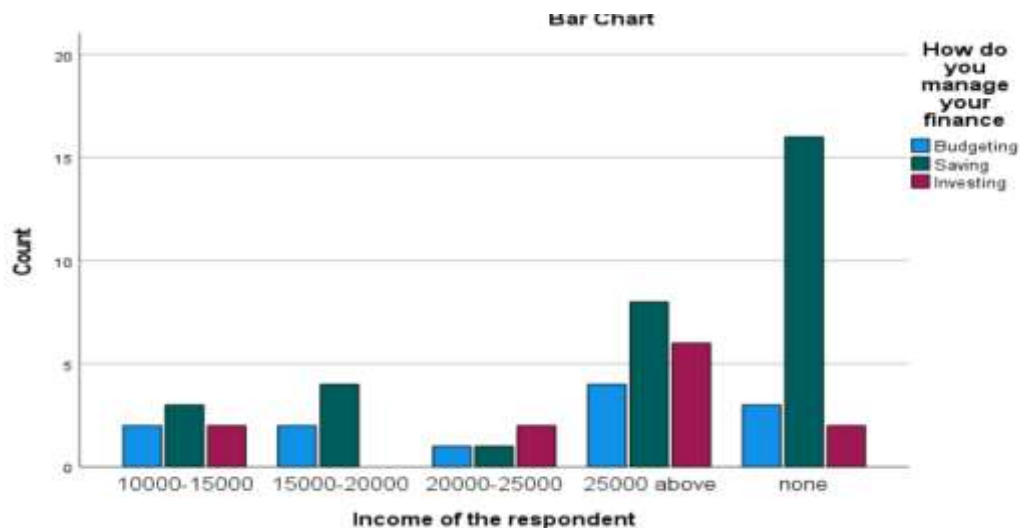
**Case Processing Summary**

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
Age of the respondent * How often do you shop online	56	100.0%	0	0.0%	56	100.0%

**Age of the respondent \* How often do you shop online Crosstabulation**

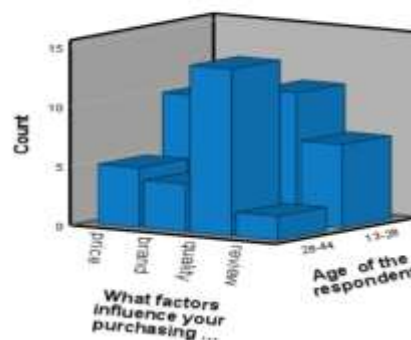
		How often do you shop online				Total
		daily	weekly	monthly	rarely	
Age of the respondent	13-28	4	7	16	4	31
	28-44	1	6	13	5	25
Total		5	13	29	9	56

The crosstabulation analysis explores the relationship between age and the frequency of online shopping among 56 respondents. The findings indicate that monthly shopping is the most common frequency across both age groups, with 16 individuals aged 13–28 and 13 individuals aged 28–44 reporting this habit. Younger respondents (aged 13–28) demonstrate a higher tendency to shop online more frequently, with 4 shopping daily and 7 weekly, compared to only 1 daily and 6 weekly in the 28–44 age group. On the other hand, the number of respondents who rarely shop online is relatively low in both groups. Overall, the data suggests that the younger age group is more engaged in frequent online shopping than the older group.



The bar chart illustrates how respondents across different income levels manage their finances through budgeting, saving, and investing. The most notable trend is among those who reported "none" for income—this group showed a significantly high count for saving, with around 16 individuals, compared to fewer participants in budgeting and investing. Among the income groups, those earning ₹25,000 and above are more engaged in all three financial management strategies, especially saving (8 respondents) and investing (6 respondents), indicating better financial literacy or capacity at higher income levels. In contrast, respondents in the lower income brackets (₹10,000–₹20,000) show minimal involvement in financial management activities, with saving being the slightly more preferred method. Overall, saving appears to be the most common method of financial management across all income levels.

Simple 3-D Bar Count of What factors influence your purchasing decisions by Age of the respondent



The 3D bar chart shows that quality and reviews are the most influential purchasing factors across age groups. Respondents aged 28–44 prioritize quality, while those aged 13–28 value reviews more. Price and brand have relatively less influence on purchasing decisions for both age categories.

## RESULTS AND DISCUSSION

The analysis of the provided data reveals notable differences in the buying behaviour and financial habits of Gen Z (ages 13–28) and Millennials (ages 28–44). Gen Z respondents are more frequent online shoppers, with a greater proportion shopping daily and weekly compared to Millennials, who tend to shop online more conservatively, mostly on a monthly basis. This suggests that Gen Z is more digitally active and influenced by the convenience of online platforms.

In terms of financial management, Millennials, particularly those with higher income levels, engage more in saving and investing. Gen Z, on the other hand, shows some involvement in financial practices but at a lower scale, indicating that



they may still be developing financial literacy or have limited income. Interestingly, a significant number of respondents with no income still prioritize saving, highlighting a cautious approach to money management.

When it comes to purchasing decisions, Gen Z places a stronger emphasis on reviews and brand image, likely due to their exposure to social media and peer influence. Millennials are more influenced by product quality and price. Overall, Gen Z appears to be tech-savvy, socially influenced, and brand-conscious, while Millennials exhibit more financially responsible and quality-focused buying behaviour.

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## CONCLUSION

The comprehensive analysis of the charts and data highlights distinct patterns in the buying behaviour and financial practices of Gen Z (ages 13–28) and Millennials (ages 28–44) among Indian consumers. Gen Z emerges as a digitally driven, convenience-oriented generation that frequently engages in online shopping, with many reporting daily or weekly purchases. Their decisions are largely influenced by online reviews and brand image, reflecting their deep integration with social media, digital content, and peer influence. Despite being early in their financial journeys, Gen Z shows a growing interest in basic financial practices like saving and budgeting, though investing remains less common.

Millennials, on the other hand, exhibit more measured and quality-conscious buying behaviour. They prefer monthly shopping routines and place a greater emphasis on factors such as product quality and price. Financially, Millennials show greater stability and responsibility, with notable participation in saving and investing activities, especially among those in higher income brackets. This suggests a generation that balances technology adoption with long-term financial planning.

Overall, the data reveals a generational divide where Gen Z is shaping the future of consumption with a focus on speed, brand identity, and digital interaction, while Millennials ground the market with experience, pragmatism, and value-driven decisions. For marketers and businesses, understanding and adapting to these nuanced preferences is essential. Targeted strategies that leverage digital innovation and influencer engagement for Gen Z, along with quality assurance and financial trust for Millennials, will be critical for brand success in India's diverse consumer landscape.

In conclusion, both cohorts are influential in their own right—Gen Z driving change through digital behaviour, and Millennials ensuring sustainability through responsible consumption—together defining the evolving identity of the Indian consumer market.

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