



UNIVERSIDADE CATÓLICA PORTUGUESA

Generation Z: influencers of decision-making process

The influence of WOM and Peer Interaction in
the Decision-Making Process

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Abstract

Young people comprise a lucrative market for many goods and influence adult spending patterns. Generation Z is the first generation who has grown up in the middle of an era of developed information technology, being one of the most critical users of SNS, constantly engaging in online exchanging of information and conversation among its peers. The study of this generation's current behaviors is an opportunity for marketers to get to know them, understanding the best way to target them, comprehending their preferences and influencers through their decision-making process.

Trough studying the effect of Peer Interaction and WOM throughout the decision-making process, it will be possible to uncover key influencers of Generation Z. A survey was designed to understand consumer preferences, and data was analyzed through Confirmatory Factor Analysis and Structural Modeling Equations, using the statistical software SPSS AMOS 21.0.

The results show that Peer Interaction positively influences Generation Z's decision-making, most predominantly in the first stages of the process, while the influence of WOM was not statistically supported. Further influencers should be considered in the future, to uncover what may drive Generation Z's decisions, so that marketers can develop more accurate strategies to best target this younger generation.

Key words: Generation Z, Peer Interaction, Word-of-Mouth, Decision-Making Process, Portugal.

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CHAPTER 1

Introduction

The field of consumer behavior studies how individuals, groups, and organization select, buy, and dispose of goods, services, ideas, or experiences to satisfy their needs and desires. Nevertheless, studying consumers provides clues also for developing new products, product features, price, channels, messages, and other marketing mix elements (Kotler et al., 2008). Since marketers frequently wish to influence the decision made by families, it is essential to understand how such decisions are made within a family unit.

Young people comprise a lucrative market for many goods and influence adult spending patterns. According to Kowalksa (2012), young consumers can be differentiated in different groups: young teenagers (13 to 15 years old), older teenagers (16-18 years old) and young adults (19 to 24 years old). Moreover, Badziska (2011, p. 67) mentions that these “young consumers differ from other buyers by making conscious actions, changing indicators of social status and needs’ creation”.

Marketers and experts have attempted to name the generation of those born after 2000, the so-called post-millennial generation. Suggestions include Net Generation or Generation Z (Caumont, 2014), emphasizing this generation’s deep connection to technology. According to the same author, the relationship of brands with this generation is substantially different from the relationship with the previous generation and therefore, brands addressing these young fellows should be more aware of these group preferences.

Generally speaking, the Generation Z see the world through screens, mainly through Social Networking Sites (Palfrey and Gasser, 2008). They expose their opinion about the products and services that are used by them, they need to feel appreciated by the brands and they want to be connected with everyone,

everywhere. This requires brands to know them well, to know their preferences and patterns of behaviors, to be present at the right time to selling and communication, and to provide tailored made solutions for them (Palfrey and Gasser, 2008). Otherwise, they may easily consider different options of brands and any existing relationship may never be recovered, or a non-existing one may be able to flourish.

As technology changes, generations change along with it. The best way to truly accept this new digital culture and the business landscape that it has created is to observe, learn, understand, and then become involved with the digital native in order to create new opportunities for business and marketing (Hall and Keynes, 2011). The role that Generation Z is playing represents an opportunity that needs to be studied and addressed by the brands, otherwise they will risk losing the attention of these young customers (Kitchen et al., 2015).

Identifying these changing generations is one of the first steps that will provide knowledge about younger consumers. Nevertheless, identifying them is not enough. It is important to understand the best way to truly connect and get in touch with these consumers and impacting their decisions. Nowadays, marketers have access to more and different communication tools than they did before: communication is shifting from being done to the masses, and it is starting to be individual and personalized (Kotler and Keller, 2012). WOM has contributed to this change, as consumers are now encouraged to share their opinions and to recommend products proactively, acting as brand endorsers. This increases both the potential of real time communication and the importance of consumers, since they have most of the control in these type of one-to-one communications. And since this is changing, brands need to understand their role and adapt themselves to this new reality so that they keep advocating and engaging consumers in a positive way. But WOM is not the only resource consumers possess, and the interaction with peers is another form of recommendation that can also have a big impact for them. This resource has already been studied by different authors, however it has never been considered together with other resources that can have superior influence in the decision-making process. This is, hence, one of the goals of this work.

Overall, the study of Generation Z and other generational cohorts' rests on the notion that the cultural context during a cohort's adolescence and young adulthood plays a critical role in shaping their characteristics, values, and consumer preferences. (Young and Hinesly, 2012). This study will be therefore essential to understand the key behaviors of these younger consumers, that will shape both actual and future firm's marketing strategies. The effect that this segment represents for marketing will have substantial value for companies. Hence, it is of major importance to understand and analyze the behaviors of these young generation, as well as its influencers in the decision-making process, through studying:

How is this generation influenced by others during its decision-making process;

What is the relevance of Generation Z for today's marketing strategies.

The present document is divided into five chapters. The Introduction set forth the context of the research gap of the objectives of this research. The following chapter, explains and reviews the existing literature about the decision-making process of Generation Z (or adolescents for this matter), along with peer interaction, and WOM. A model that will test the influencers in the decision-making process and its hypothesis is also presented in this chapter, in order to conceptualize the research that will be conducted throughout the following chapters. The third chapter, the Methodology, explains the procedure selected to investigate both the hypothesis and the conceptual model, and also define the data collection method that will be adopted. In the Empirical Study, after conducting the survey to Generation Z, the computation model's main results are presented, along with the results of the tested hypotheses, and the discussion of the research questions presented in chapter 1. Finally, in the Implications and Future Research chapter, the main findings and limitations are derived, managerial implications are presented and some suggestions are made to enhance future research.

CHAPTER 2

Literature Review and Proposed Model

Growing generations

To understand consumer behavior, marketers need to undertake some level of research to define the target markets (Proctor, 2015), as a form of underlining major differences in terms of consumers' choices. This research is also helpful for marketers to distinguish among different groups of individuals that share similar tastes and choice preferences, and who make up different segments of the market. According to Schewe et al. (2000), generation cohorts are one efficient way to segment markets, as these different cohorts have been impacted in a similar way by external events. Moreover, Norum (2003) suggests that generational differences in consumer purchase patterns do exist and should be further addressed. Hence, we can consider a generational cohort to be a group of individuals with shared similar experiences and unique common characteristics around these experiences (Beldona et al., 2009). The three major influences found in generational marketing research are life stage, current conditions and cohort experiences (Wolburg and Pokywczynski, 2001). Thus, cohorts are considerably influenced by external events that happened when they were coming of age (Schewe et al., 2000). Usually, a generation is 20-25 years in length, while a cohort can vary in length based on the external events that define it. Moreover, the members of a generational cohort are unified because they share the same cultural experiences during their formative years, which in turn, results in similarity in their values, beliefs, preferences, motivations, and behaviors. The early modeling of generational cohorts has been shown to be long-lasting, with shared characteristics remaining consistent throughout the lifespan (Stewart and Healy, 1989; Schuman and Scott, 1989).

Over the last 80 years, five generation groups were identified by Kane (2010), as it can be seen on the following table:

<i>Traditionalists</i>	Also known as the Silent Generation or the Veterans, comprises employees and retirees who were born between the years of 1922 and 1945.
<i>Baby Boomers</i>	Born within the years of 1946 and 1964 with many holding positions such as firm leaders, corporate executives, senior paralegals, and legal managers.
<i>Generation X</i>	Members of Generation X were born within the years of 1965 to 1980 and are considered smaller in number than the Boomers.
<i>Generation Y</i>	Millennials, Digital Natives or Generation Y, was born within the years of 1980 to 2000.
<i>Generation Z</i>	Members of Generation Z came after Generation Y, and were born approximately between the years of 1995 to the present.

Table 1: Generations evolution according to Kane (2010)

There are a number of similar terms that claim to identify a generation of young people who are either beginning university or entering the job market around the world. Amongst the different terminologies, there are three that are most used to describe this generation: *Net generation* (Tapscott, 1998, 2008), *Digital Natives* (Prensky, 2001a, 2001b, 2009) and *Millennials* (Oblinger and Oblinger, 2005). Each way of describing this new generation carries with it some divergent features but, in general, these terms are used interchangeably.

Generation Y (also known as Millennials or Digital Natives) is considered to be the first high-tech generation (Norum, 2003) and is perceived as consumption-oriented and sophisticated shoppers (Jackson et al., 2011; Wolburg and Pokrywczynski, 2001). According to different authors, Howe and Strauss (2000), the Millennials account for the generation that, for the most part, was born anytime between 1982 and the early 2000's.

An idea that has gained currency is that the generation born after 1980 grew up with access to computers and Internet, and is therefore inherently

technology-savvy (Oblinger and Oblinger, 2005; Palfrey and Gasser, 2008; Prensky, 2001; Tapscott, 1998). In Prensky's (2001) definition, those born in or after 1980 are 'digital natives' while those born before 1980 are 'digital immigrants'. The supporters of this idea claim that, not only does this generation have sophisticated skills in using digital technologies, but also that through their exposure to these technologies they have developed radically new cognitive capacities and learning styles (Prensky, 2001).

Given the almost universal claim that this Net generation, Digital Natives, Millennials and Generation Y is marked out by clear boundaries in terms of their attitudes, in the form of a 'discontinuity' or 'singularity' (Prensky, 2001a), the lack of clarity in terms of the years that define the population is obvious. The main differences between these generations, according to its authors, is the dates that bracket each of these names. One of the authors, Tapscott, specifies the beginning of the new generation in January 1977, while it ends with a further generational shift into Generation Next in December 1997 (Tapscott, 2008), and he views the Net generation as part of a succession of generational types in the post-World War 2 era. A different author, Prensky (2001), is however not specific about dates that define this new generation even though he suggests that there is a radical break between the generation he describes and the previous generations. However, other authors that make use of the idea of the Digital Native suggest that Digital Natives appear after 1980 (Palfrey and Gasser, 2008). Oblinger and Oblinger put a precise date on the Millennials suggesting that they were born 'in or after 1982' and that this generation ends in 1991 (Oblinger and Oblinger, 2005).

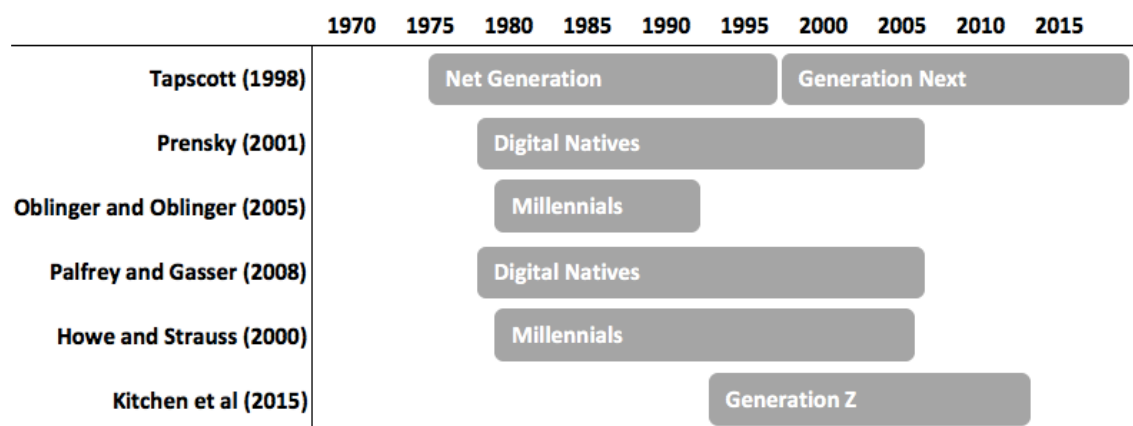


Figure 1: Time span with the identification of Generations

On the other hand, the young consumers of Generation Z, people born anytime between 1995 and 2012 (Kitchen et al., 2015), are a unique group, rapidly gaining economic power. The Generation Z is the first generation who has grown up in the middle of an era of developed information technology, being one of the most critical users of social networking sites (hereafter termed SNS), constantly engaging in online exchanging of information and conversation among its peers (Kitchen et al, 2015). Hence, this generation was born into a global world, constantly connected with a seamless understanding of when and how to use communications and media technology, facing global terrorism, the repercussions of 9/11, school violence, economic uncertainty, recessions and the mortgage crisis (Williams et al., 2011). According to the same author, in terms of what characterizes this generation, their lifestyle and attitudes, they are considered to be individuals that are the new conservatives embracing traditional beliefs, valuing the importance of the family, self-controlled and more responsible, adapted to high-tech and multiple information sources, with messages bombarding them from all sides. For them, peer acceptance is very important since they need to feel that they belong to something, and their self-concept is partially determined by the group to which the teen belongs (Soltan, 2004). Overall, they are a global and diverse generation who come from a wider mix of backgrounds with different experiences and ideas.

Part of Generation Z's consumers are teenagers in fact, but there are more consumers that should be studied, specifically those who were born anytime between 1995 and 2012 that are not adolescents. Since this is a new target, reality may be different, and consuming patterns can be distinct. From this point of view, this study intent to take a closer look to Generation Z, understanding its differences from other potential generations, through examining the influencers in their decision-making process.

Adolescent decision making

Adolescents are part of a big and profitable market for many goods, and they heavily influence adult spending patterns (*Business Week*, 1969). Hence, their consumption experiences will presumably affect the patterns of adult consumer behavior (Guest, 1955). Adolescents are also one of the most relevant targets for digital marketing (Montgomery, 2007), once these young people have grown up

with full access to the internet, and they have supported part of the development of information technology by being constantly connected to it. The combination of these factors has made them particularly valuable to marketers, including their role as “early adopters” of new media practices and their steadily rising spending power.

According to Poper, Isler and Ward (1987), parents’ influence of their children’s consumption decision is very important until the age of 12, since they do not have purchasing power and therefore they can only request parents for the products that they want. That said, the influence of parents starts to decrease over the teen years, when they begin to associate themselves more with their peers rather than the family, consuming certain objects to affiliate themselves to a particular social group (Auty and Elliot, 1998). Throughout this study, the authors will investigate the decision-making process of one specific generation, Generation Z, taking into account that due to the age of these young consumers, most of their decisions are supported by their family mainly due to their limited buying power.

Material possessions are used as a way of establishing their identity and gaining prestige among peers (Belk, 1988). The participation of a teenager in the family purchase decision depends upon several factors such as the teenager’s characteristics (age, gender, involvement), socialization variables (family, peers), the family characteristics (income, social class, family life cycle) and the overall context of the decision making and the stages of this process (Aoud et al., 2008).

The influence of the family in the adolescents’ purchasing decision is a matter that has been investigated by several authors, and most of them divides this process into several phases: initiation (or problem recognition), search and evaluation, assessment and the final decision (Martinez and Polo, 1999; Szybillo and Sosanie, 1977; Wang, Holloway, Beatty and Hill, 2007). Overall, these studies suggest that, depending on the stage of the decision-making process and the different products that are being elected, children and adolescents can have bigger influence on the final decision (Beatty and Talpade, 1994; Kaur and Singh, 2006), and the teenager is likely to hold a relevant power in the family purchasing decision once he is considered a major economic actor. Moreover, teenagers are tech-savvy which implies that they are the heavy users of the Internet, so they

can get into the market information more easily and have a larger and influential role on the family purchases (Belch et al., 2005).

According to Beatty and Talpade (1994), the teenager has more influence in the stages of idea design, search for information and final decision formulation. However, according to Belch et al. (1985), it has also been found that teenagers exert greater influence during need recognition and search stages but have very little influence during final choice stage for activities such as the choice of restaurants, consumer durables and vacations. Other authors such as Holdert and Antonides (1997) proposed that teenagers are more relevant during the later stages of the purchase process (evaluating the alternatives and making the final decision), rather than initiating it. For instance, in clothing purchase, peers exert a relevant influence on adolescents' purchase behavior (El Aoud and Neeley, 2008).

Nowadays, it is of major importance to understand what influences consumers, and this requires getting to know them, studying their consumer behaviors. Their decision making process is part of these behaviors, therefore it is relevant to understand the phases that can represent an opportunity for marketers to communicate with these younger consumers. Generation Z is in part made of adolescents, and their patterns as consumers are an interesting opportunity to be addressed, namely to get to know what influences them through each step.

To understand the decision making of Generation Z, two influencers will be analyzed: peer interaction and opinion seeking through word-of-mouth. Nevertheless, studying this process should take into account few categories of products, since their behaviors can vary from category to category, as well as the tools that can have more impact in each of these phases. This last part will be further developed in the Methodology chapter.

Peer interaction

The initial attempts to develop constructs that analyzed adolescent peer interaction were made by authors such as Moschis and Mitchell (1977) and D'Astous et al. (1990). According to Singh et al. (2014), the word peer means people at the same level and, during the adolescence period, a teenager's main

goal is to belong to a certain peer group. Hence, peer pressure is the influence exerted by peer groups, individuals that encourage the change in their attitudes and values.

According to Caruana and Vassalo (2003), one of the major aspects in the study of teen peer interaction is the consumer socialization, along with its influence in family purchases. Ward (1987) stated that consumer socialization is a process by which teenagers acquire knowledge, attitudes and skills which are relevant to their functioning in the marketplace. Hence, the term “influence” means a change in one’s behavior due to pressure from others. In this process, a peer is considered to be an influencer to a teenager when its peer pressure resulted in a change to another teen’s behavior.

Peer communication through social media is a new form of consumer socialization, carrying relevant impacts on the consumer decision making, and thus marketing strategies (Casteleyn, Mottart and Rutten, 2009; Okazaki, 2009). In social media, peer communication entails interactions about products/services among individual consumers through computer-aid social networks (Dhar and Chang, 2009), also referred to as virtual communities of consumption (Kozinets, 1999).

As teens grow, peers exert even more influence over attitudes and decisions. While some researchers recognize the importance of peer influence upon teenagers (Bachmann *et al.*, 1993; Roedder-John, 1999), little research considers the interrelationships between peer influence and a teenager’s purchase decision (Moschis and Mitchell, 1986; Shim, 1996). Aoud *et al.* (2008) was one of the few authors that started to study the impact of peer interaction in the teenagers’ decision-making, influenced by its family. Moreover, Singh *et al.* (2014), developed a study to uncover the influence of teen peer interaction and enduring product involvement in the teenagers’ decision making for the electronic items. The main conclusion of the research was that that the more the teenagers interact with peers, the more they contribute in the initiation stage of the decision-making process.

To study the influence of peer interaction in Generation Z's purchase decision, one hypothesis will be tested, as presented below:

H1: Peer interaction positively influences Generation Z's purchase decision.

The WOM effect

Word-of-mouth communications have received extensive attention from both academics and practitioners for decades (De Bruyn and Lilien, 2008). Since the early 1950s, researchers have demonstrated that personal conversations and informal exchange of information among acquaintances not only influence consumers' choices and purchase decisions (Arndt, 1967; Whyte, 1954), but also shape consumer expectations (Anderson and Salisbury, 2003; Zeithaml and Bitner, 1996), pre-usage attitudes (Herr, Kardes, and Kim, 1991), and even post-usage perceptions of a product or service (Bone, 1995; Burzynski and Bayer, 1977).

Consumers often share opinions, news and information with others. The use of social media has increased this existing share of opinion among consumers, along with the ease of communication. Such interpersonal communication can be described as word of mouth, or "*informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services or their sellers,*" (Westbrook 1987, page 261). According to Brown (2007), WOM is a consumer-dominated channel of marketing communication where the sender is independent of the market. The benefits of using WOM lie in its power to be more credible than other commercial tools provided to consumers based on the trust amongst relatives that usually share information, the fact that it is a two-way communication, the potential to reduce purchase risk and uncertainty through user experience and, finally, the fact that it is live and consumers can interact in a more complete and relevant way with updated information (Silverman, 1997).

The appearance of social media created a distinction between organic and amplified WOM, where organic occurs naturally when someone wants to tell others his/her experience with a product/company, while amplified occurs when a marketer launches a campaign or encourages people to speak about its products/company (Word of Mouth Marketing Association, 2011). Besides these

two concepts, WOM can also take the form of e-WOM (electronic word-of-mouth). Henning-Thurau et al. (2004) define E-WOM as any positive or negative statement made by potential, actual or former customers about a product or company, which is made available to a multitude of people via the Internet.

De Bruyn and Lilien (2008) studied the WOM behavior, focusing on three concepts: opinion seeking (seekers), giving (leaders) and sharing. Opinion giving is the process by which people (opinion leaders) influence the attitudes or behaviors of others (opinion seekers), through opinion sharing. Previous research reinforces that both opinion giving and seeking are integral to the construct of WOM (Flynn, Goldsmith and Eastman, 1996; Reynolds and Darden, 1971), and that opinion seeking is an essential dimension of WOM communications because it facilitates information diffusion in the interpersonal communication process. Moreover, Goldsmith and Horowitz (2006) investigated what motivates consumers to seek for online opinions, and found out that factors such as risk reduction, popularity, lower costs, easy access to information, pre-purchase information acquisition and perception are critical.

Researchers like Sheth (1971), Zeithaml (1992), Herr, Kardes and Kim (1991) and Robertson (1991) studied the role of WOM as a trigger for purchase. Overall, their focus was on the input of WOM during the evaluation stage of the buying process and innovation diffusion, indicating that mass media communications attracts awareness and interest in the first stages of the decision-making process. When it comes to the specific function of WOM, it works as the main influencer when consumers evaluate different products before purchasing them. Communications theory considers WOM as having a powerful influence on behavior, especially on consumers' information search, evaluation, and subsequent decision making (Cox, 1963; Brown and Reingen, 1987; Money, Gill and Graham, 1998; G. Silverman, 2001). One of the latter authors, Cox (1963), considers that WOM provides relevant information about product performance, as well as the social and psychological consequences of the purchase decision.

Studying the influence of opinion seeking can be helpful to understand the relevance of word-of-mouth for this Generation. According to Kotler and Keller (2012), word-of-mouth is considered to be one of the marketing communication channels. The communication channels play a fundamental role in the companies' strategy to influence consumers, and it is critical to uncover the

best way of getting in touch with them. Seeking for information prior to making a buying decision of a certain product can help consumers identify the need, decide between different alternatives or make a better final decision.

To study the influence of opinion seeking through word-of-mouth on Generation Z's purchase decision, one hypothesis will be tested, as presented below:

H2: Opinion seeking through word-of-mouth positively influences Generation Z's purchase decision.

Proposed Model: understanding Generation Z's key influencers

During the literature review, three concepts were presented and discussed: Adolescent Decision Making, Peer Interaction and Word-of-Mouth. Moreover, the goal of this study is to understand the key influencers of Generation Z, through analyzing the effect that two of the concepts presented have in their decision making process. To perform this study, the authors found several scales that evaluated each of these concepts, as explained further, within the proposed model sub-chapter.

The first concept explained the overall process of adolescent decision-making, uncovering that family does exert powerful influence on it. This happens because, in part, adolescents do not have enough buying power to perform individual decision-making. That said, to apply this concept to our reality that is Generation Z's decision making process, it is important to keep in mind that even though the study is about the decision making process of this generation, the family will still be studied as an influencer throughout the decision making. This concept will be part of the designed model, and it will be called *Generation Z decision-making process*.

The analysis of the decision making was based on previous studies done by Foxman et al. (1989a), Beatty and Talpade (1994) and Kim and Lee (1997). The developed scale, explored by Aoud et al. (2008) was previously collected from the focus group and from other authors' studies such as Szybillo and Sosanie (1977), Jenkins, (1979), Belch *et al.* (1985) and Beatty and Talpade (1994). The

initial scale measured five phases of purchase decision, namely (1) initiation, (2) information search, (3) information search with salesperson, (4) assessment and (5) final decision. Confirmatory factor analysis suggested five factor solutions (initiation = 0.72; information search = 0.84.; information search with salesperson = 0.88; assessment = 0.72; decision = 0.70) and, once again according to Peterson (1994), none of the factors had less than 0.60 which is enough to validate the scale. For this research, the authors chose to address the original factor solutions, except the third, once the reality that is being tested may not correspond to the reality that this construct refers to. Therefore, items related to phase number 3 (information search with salesperson) were deleted from the original study. This is explained by the fact that Generation Z's consumption pattern might be relatively different from other generations, and therefore the internet can be seen as the base for their every day decisions as consumers, not relying on physical stores neither salesman to access the required information to effectively make a decision. That said, this item was excluded from the analysis, focusing on the other four that were presented.

The second concept analyzed is Peer Interaction. As it was mentioned previously, it is of major importance to understand the influence exerted by peers, as well as its impact on the overall decision process of Generation Z. Murali et al. (2005) studied the sources of information (friends) and their impact on family decision-making supporting the findings of Moschis and Mitchell's (1986). Later in 2008, Aoud et al studied the effect of teenager-peer interaction and its contribution to a family purchase decision, in the context of enduring product involvement as the mediating role.

Past attempts were made to develop scales that measured peer interaction, for example Moschis and Mitchell (1986) and D'Astous et al. (1990). For the present study, the presented scale was developed and tested by Aoud et al. in 2008, where the items resulted from the Moschis et al. (1977) scale and from the focus group that was designed by the author. The reliability of this scale was verified with a Cronbach's Alpha equal to 0.77. As suggested by Peterson (1994), this coefficient should be higher than 0.80 but with a minimum at 0.60. All the items will be fully used for this study, so the original scale was maintained within this context.

In the designed model, this concept will be named *Peer Interaction*, and it will address the association between the peer communication (interaction) and the overall influence on Generation Z's purchase decision, tested by the following hypothesis:

H1: Peer interaction positively influences Generation Z's purchase decision.

Lastly, the third concept comprised Word-of-Mouth. Nowadays, consumers have more control over the distribution of information concerning the products and services they are thinking about using (Bellman et al, 2011; Camarero and San José, 2011), while marketers are losing control of this one-way process of communication towards consumers, using conventional mass media as their main tool. According to the literature review, there are different types of WOM's behaviors, being opinion seeking one of them. Its main advantage is that when consumers perceive a risk in a certain situation, actively seeking out for information or advice will allow them to make informed decisions, regarding what to buy.

In 1996, Flynn et al. developed and validated a scale to measure opinion seeking for specific product or service domains. This scale was designed after five separate studies were made by the authors. The reliability of this scale was verified with a Cronbach's Alpha equal to 0.88. As suggested by Peterson (1994), this coefficient should be higher than 0.80, so that the result of this scale is satisfactory, therefore it can be used to address this situation. All the items will be fully used for this study, so the original scale was maintained within this context.

Given the increasing importance of this tool, it is of major relevance to study the impact that it might have on Generation Z's ability to decide, either through uncovering the need of a product, or through the phase of information search/assessment of alternatives. Based on these assumptions, the model will have a variable named *Word-of-Mouth: Opinion Seeking*, that will evaluate the following hypothesis:

H2: Opinion seeking through word-of-mouth positively influences Generation Z's purchase decision

The theoretical model that will be tested intends to illustrate the research questions. In summary, the model developed in this research considers that Peer Interaction and Opinion Seeking positively influence Generation Z's ability to make a decision (see Fig. 2).

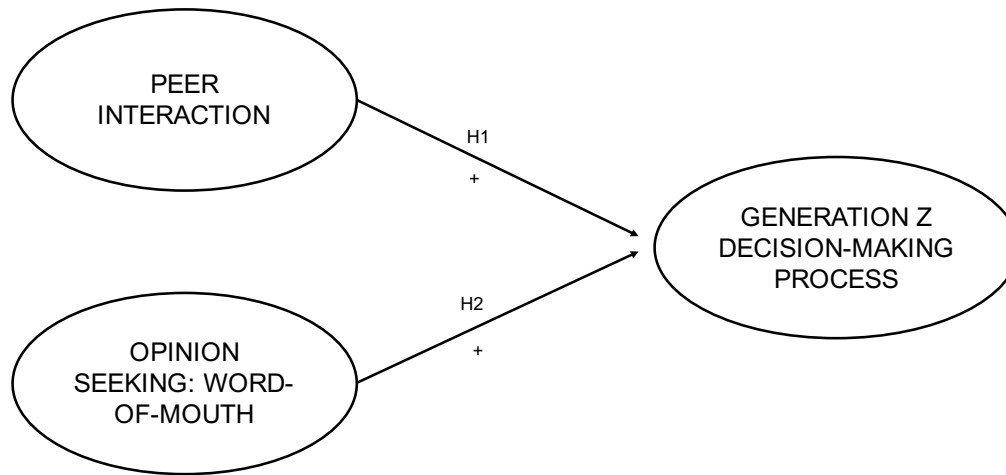


Figure 2: Conceptual Model (Source: Own systematization).

Although previous authors made attempts to address the relationship between peer interaction and how adolescents' influence the family purchase decision, this is the first study that combines more than one influencer, such as it is the case of word-of-mouth. This is a first step to uncover what really influences this Generation. Moreover, previous studies were done with adolescents. The target market of this research will be different, since Generation Z will be its focus, and therefore these variables will be tested in a new reality that has not been tested so far.

CHAPTER 3

Methodology

Overview

In order to understand the relationships mentioned in the previous chapter, as well as to analyze the proposed theoretical model, a survey was designed considering the different variables. This survey was distributed in Portugal, and it was written in Portuguese in order to avoid misinterpretations that would compromise the results of this research, such as the bias that could occur from answering the questionnaire in a foreign language.

After gathering all the data, results were analyzed through the statistical software AMOS SPSS, Confirmatory Factor Analysis (CFA) and Structural Equations (SEM). CFA will allow the researcher to test the hypothesis that a relationship between the observed variables and their underlying latent construct(s) exists (Child, 1990). At last, SEM will perform several statistical tests to determine the adequacy of model fit to the data (Child, 1990).

Unit of analysis

Mobile phones have gained global acceptance from consumers in a rather short period of time (Barnes and Scornavacca, 2004). Looking at the situation today the smartphone is key in the lives of many consumers, and for these consumers the device is not only a tool for communication, but it is also an extension of the consumers' personality and individuality by enhancing their private and social lives (Barutcu, 2007; Grant and O'Donohoe, 2007; Roach, 2009). As a result of this growth of acceptance in smartphones, the intensity of usage has also increased.

Generation Z is known for being constantly connected to the Internet, through their smartphones, tablets, and so on. It is through their smartphones that this generation has access to the SNS, where they search for relevant information and interact with peers, among others. Given this, this research will be focused on Generation Z's decision-making process through WOM and peer interaction, in the smartphone category. This specific category will be the starting point to address the influence that each of the mentioned variables have in their decision-making process, understanding how they behave and what drives them.

Questionnaire's structure

The questionnaire was conducted online, and participants were informed about the academic nature of this study, as well as the relevance of this topic. On one hand, the main advantages of collecting data online is the reduced cost, the lack of geographical boundaries as well as higher response rates (Cude, 2004). On the other hand, there are disadvantages such as the intrinsic biases from the fact that part of the population may lack Internet access and/or experience with electronic surveys (Madden and Rainie, 2003). Lastly, it is harder to compute the response rates since the survey can be sent to an unknown number of respondents, and it cannot be determined unless the target audience is a known and limited group of people (Cude, 2004).

The survey is divided in four parts, namely: (1) specific information about the participant, (2) scale to analyze social media behaviors and usage, (3) scale to analyze their peer-interaction, (4) scale to analyze their WOM behaviors and finally (5) their decision-making process. This survey can be found in the Appendix section, at the end of the study.

In the first chapter, the participants were asked a few questions about demographics such as their age, sex, education level and city of residence. This will help the author to understand to establish their profiles as consumers.

Secondly, it is important to characterize each respondents' social media usage, as a form of better understanding the degree of interaction he/she has with these media. Respondents were asked whether they have a smartphone, their internet usage, as well as their online behaviors when using Facebook. This

last scale was developed by Junco (2012), and it is evaluated on a range that varies from 1 (never) to 7 (always), regarding their frequency of use of different online activities within this social media platform.

The third chapter evaluates their peer interaction behaviors' while talking about smartphones, where four items were presented and measured with a raking that ranged from 1 (strongly disagree) to 7 (strongly agree). For this study, the items that were used for the peer interaction scale result from Aoud et al. (2008) scale.

Afterwards, the WOM construct gathers the required information to understand consumers' behavior when seeking information/opinion to buy something, in this case, smartphones. Here, the scale of analysis was measured by using a Likert scale from 1 (strongly disagree) to 7 (strongly agree). This scale was previously developed by Flynn (1996).

At last, the final part of the questionnaire addressed the 4 phases of the family decision making process, namely (1) initiation, (2) information search, (3) assessment and (4) final decision. The scale to measure the family decision making process was initially developed by Beatty and Talpade (1994), and later by Belch et al. (1985), Szybillo and Sosanie (1977) and Jenkins (1979), and recently completed by Aoud et al (2008) after conducting focus groups that helped identifying new items that were also considered in his study.

Participants

The survey was sent to approximately 250 people, through online forms developed with Google Forms. These forms were sent both through e-mail and Facebook, although 180 participants have completed the questionnaire. For a participant to be considered valid, he had to have 21 years or less (to be part of Generation Z, people should have born between 1995 and 2012), and every question had to be answered.

From this sample, the majority of the respondents were females (74%). Analyzing respondents' age, it is possible to see that the majority of the ages is concentrated between 18 and 20 years, accounting for almost 63% of the universe. For the same reason, the majority of respondents had at least finished High School or are enrolled at the University (85% of respondents).

All the participants were Portuguese, and most of them located in Lisbon (53%). Nevertheless, the survey has also participants from the North of the country (18%), the Center and the South. For the purpose of the survey, respondents were asked if they possessed a smartphone, and if they access the internet daily. 96% of the respondents stated that they possess a smartphone, which was the main field of application in this study. Moreover, only one respondent mentioned that he did not use the Internet. In terms of social media usage, the majority of respondents occasionally/sometimes seek information published by other users (50.60%), occasionally/sometimes publish photos (46.10%), always sees photos (25.60%) and rarely shared videos online (40.60%).

Only the completed surveys were considered for this study, so uncompleted surveys were rejected from the analysis. The sample obtained was considered acceptable given the number of constructs in analysis. Sampling, coverage and measurement errors were also evaluated. In the responses, there are no missing values since all the questions were marked as mandatory, meaning that the respondent could not move to the next questions without answering the previous ones. If that was the case, the respondent received an alert message asking to complete the unanswered question.

The survey was pre-tested in order to identify possible errors and problems, and scales items were analyzed to check if they were well understood by the respondents, and errors were reported to be corrected.

Measures

The following constructs were measured: (1) peer interaction, (2) WOM, (3) Generation Z's decision-making. All the scales were based in previous studies that were already presented in section 2 and 3 of this study. The questions presented in the survey are related with the three constructs used within the current study, presented in detail in Tables 2, 3 and 4. Some of the presented scales were adapted from the original scales, as it is the case of family decision making.

WOM: Measured through opinion seeking	
1. When I consider buying a (...), I ask other people for advice	Flynn et al., 1996
2. I don't need to talk to others before I buy a (...)	
3. Other people influence my choice of buying a (...)	
4. I would not choose a (...) without consulting someone else	
5. I rarely ask other people what (...) to buy	
6. I like to get others' opinions before I buy a (...)	
7. I feel more comfortable buying a (...) when I have gotten other people's opinion on it	
8. When choosing (...), other people's opinion are not important to me	

Table 2: Items of construct used in online survey: WOM Opinion Seeking

Peer interaction	
1. My friend and I talk about buying (...)	Moschis et al., 1977 and Aoud et al (2008)
2. My friends and I usually talk about buying (...) which we see or hear advertised	
3. My friends and I usually talk about (...) that I should or should not buy	
4. My friends ask me for advice about buying (...)	

Table 3: Items of construct used in online survey: Peer Interaction

Generation Z: Decision Making Process				
Initiation	1. I usually bring the ideas to buy (...) in my family	Beatty and Talpade (1994) and Aoud et al (2008)		
	2. I usually get my parents to realize that I need (...)			
	3. I usually realize that us useful to have (...)			
	4. I usually get my parents to start thinking about buying (...)			
Information Search	1. I usually visit the store(s) to look for different brands of (...)		Beatty and Talpade (1994) and Aoud et al (2008)	
	2. I usually visit the store(s) to look for different models of (...)			
	3. I usually examine different brands of (...) at the store			
	4. I usually examine different models of (...) at the store			
Assessment	1. I usually assess the quality of different brands/models of (...)			Beatty and Talpade (1994) and Aoud et al (2008)
	2. I usually assess the price of different brands/models of (...)			
	3. I usually assess the color of different brands/models of (...)			
Final decision	1. I usually decide from which store to actually buy (...)			
	2. I usually decide the amount of money to be spent in buying (...)			
	3. I usually decide from which store to finally buy...	Beatty and Talpade (1994) and Aoud et al (2008)		

Table 4: Items of construct used in online survey: Decision Making Process

CHAPTER 4

Empirical study

In this chapter, the model's main results are presented, the hypothesis are tested and the research questions are discussed. The measure's reliability and the model's specification were assessed through preliminary analysis. The properties of the measures were assessed through confirmatory factor analysis. In order to test the hypothesis suggested in the model, multivariate analysis of variance and structural equation modeling were employed.

Confirmatory Factor Analysis

The internal scales' consistency was measured through the Cronbach's Alpha value. According to Hair et al. (2006, p.137) "the generally agreed upon lower limit for Cronbach's Alpha is 0.70, although it may decrease to 0.60 in exploratory research". Table 5 shows the values obtained for Cronbach Alpha.

Construct	Cronbach's Alpha	Number of Items
WOM	0.86	8
PI	0.87	4
DM	0.91	14

Table 5: Cronbach's Alpha for all variables

Overall, all the dimensions have values that are higher than 0.7, therefore the Cronbach's Alpha obtained are considered acceptable, given the previous criteria given.

The model's specification was subject to a confirmatory factor analysis (CFA), conducted with the support of AMOS 21.0, with a maximum likelihood discrepancy estimation method in order to assess the construct and convergent validity. CFA is useful in the scales' validation for the analysis and measurements of specific constructs (Hair et al., 1998) as well as the multidimensionality of a theoretical construct (Byrne, 2001). In the current analysis, the specified relationships between the 3 constructs were tested.

According to Hair et al. (1998, p.612), "the indicator reliabilities should exceed 0.50 which roughly corresponds to a standardized loading of 0.70". The composite reliability exceeded the minimum value of 0.60. According to the same author, the variance extracted value should exceed 0.50 for a construct. Almost all values of the average variance extracted exceeded the minimum value. Therefore, the extracted variance reveals the basis of convergent validity.

The convergent validity through the factor loadings obtained, is presented in Table 6. The factor loadings reveal the correlation between the original variables and the factors (Hair et al., 2006). According to the same author (p.129), based on a significance level of 0.05, "factor loadings of 0.40 are minimally acceptable, the values greater than ± 0.50 are generally considered necessary for practical significance". To be considered significant, a smaller loading is needed given either larger sample sizes or a larger number of variables being analyzed. According to Park (2006, p.104 apud Bagozzi, 1981), convergent validity refers to the "degree that indicators of the same construct are highly correlated and show a uniform pattern of inter-correlations". The same author (Park, 2006, p.93) recommends that items with factor loadings lower than 0.40 should be excluded. According to the current study sample, the minimum factor loading should be between 0.40 and 0.45 (Hair et al., 2006, p.128).

Table 6 shows the results from the CFA. Some of the scales items were deleted due to low factor loadings in the standardized regression, a low squared multiple correlations values and respondents' perceived similarity between items. The variable WOM has three items whose factor loadings are lower than 0.50, which is not acceptable. Therefore, items WOM2, WOM5 and WOM8 were deleted from the current analysis. Also, their Squared Multiple Correlations also have lower computation values, as it can be seen on the same table. These three items can be considered similar on the respondent's point of view. This type of

question can bias the study, once the information collected in these items was not included in the analysis, and therefore their results could influence the overall result.

Variable	Items	Factor loadings	Squared Multiple Correlation	Coefficient Alpha	Composite Reliability	Average Variance Extracted
WOM	WOM1	0.86	0.73	0.86	0.89	0.63
	WOM2	0.36	0.13			
	WOM3	0.61	0.37			
	WOM4	0.51	0.26			
	WOM5	0.28	0.08			
	WOM6	0.96	0.92			
	WOM7	0.94	0.88			
	WOM8	0.40	0.16			
PI	PI1	0.83	0.69	0.87	0.87	0.63
	PI2	0.78	0.60			
	PI3	0.82	0.66			
	PI4	0.75	0.57			
DM	IN1	0.85	0.72	0.91	0.96	0.69
	IN2	0.91	0.83			
	IN3	0.76	0.58			
	IN4	0.73	0.53			
	IS/ASS1	0.88	0.78			
	IS/ASS2	0.91	0.83			
	IS/ASS3	0.93	0.86			
	IS/ASS4	0.96	0.92			
	IS/ASS5	0.78	0.61			
	IS/ASS6	0.72	0.52			
	IS/ASS7	0.65	0.42			
	FD1	0.81	0.66			
	FD2	0.80	0.64			
	FD3	0.97	0.93			

Table 6: Results from CFA

According to Sousa and Ruzo (2011, p.259), discriminant validity is ensured if “the construct inter-correlations are significantly different from one another, and the shared variance between any two constructs is less than the average variance explained in the items by the construct”. The discriminant validity is visible in the current model, as shown in the Table 7 where the values

of the main matrix diagonal are calculated based on the squared average variance extracted obtained (Fornell and Larcker, 1981) from Table 6.

Variables	Average	Std Deviation	PEARSON					
			WOM	PI	DM	FD	INI	IF/ASS
WOM	3.95	1.57	1					
Peer Interaction	3.39	1.46	0.28	1				
Generation Z DM	4.09	1.41	0.13	0.50	1			
DM: Final Decision	4.59	1.8	0.04	0.36	0.67	1		
DM: Initiation	4.44	1.77	0.22	0.39	0.70	0.31	1	
DM: Information search/assessment	3.66	1.76	0.07	0.42	0.90	0.46	0.42	1

Table 7: Correlation between constructs/items

The values from the Pearson's Correlation show the positive associations between the variables and items under study. All the correlations ranged between 0.07 and 0.90 (low and high, respectively). Within constructs, the strongest correlation observed occurs between Generation Z decision-making and Peer Interaction, which means that the more interaction exists between peers, the more positive will be its contribution to the decision-making process of Generation Z.

Analyzing the correlations between the different stages of the decision-making process for Generation Z (final decision, initiation and information

search/assessment) and each construct, it is possible to observe that PI has a greater outcome during the stage of information search and assessment of alternatives, followed by the initiation. This is consistent with the existing literature, since according to Aoud et al. (2008), peer interaction contributes more in the first stages of the decision-making process. This happens because consumers search for information within their sources, and these sources may be their peers, the internet, opinion leaders, and so on. Here, their role is to share their experiences as users, influencing them before they make the final decision. The final decision is evaluated both through the final selection of the store to actually buy and the amount of money to be spent which, in the case of younger consumers without buying power, can be more dependent on the family, rather on the advice of peers and other sources of information.

WOM has a greater influence in the decision-making process through influencing the first phase, initiation, which means that the more consumers engage in opinion seeking through word-of-mouth, the contribution for the initiating phase of the decision-making process of Generation Z will increase in 0.22 units. Nevertheless, this value is considered to be low, which means that the relationship between these items is not significant. The same conclusion that explains PI's correlation values in the previous paragraph also applies to the results obtained with WOM. The first stage of the decision-making process is characterized by bringing the ideas to the family, getting the parents to realize the product need, realizing that it is useful to have the product and to get the parents to start thinking about it. On the other hand, the information search and assessment stage are evaluated by visiting the stores to look for different brands/models, examining those brands/models and assessing their quality, price or color. Opinion seeking has a higher influence in the first stage, where consumers look and present the information of a certain product, based on the recommendations or reviews of other people, whether they are peers or not. Once they possess their opinion, consumers make their own final judgements regarding the actual store to buy and the amount of money to be spent, without being so influenced by others, except for their families that may control their decision ability.

Structural Equation Model

The conceptual model proposed in this master thesis (Figure 2) has various relationships between constructs. Consequently, Structural Equations Modelling (SEM) was used in order to validate the model, measuring all the suggested constructs relationships.

As previously stated, the model was computed with AMOS 21.0, with maximum likelihood discrepancy estimation method. The model has 3 constructs and 31 observed variables, considering measurement and latent variable errors and inter-correlations between the latent constructs.

The null model ($\chi^2 = 448.17 / df = 220$) has a statistical significance level of 0.00. The normed chi-square (χ^2 / df) has a recommended level range between 1.0 and 2.0. The current model chi-square equals 1.99 ($448.17 / 220$), falling in recommended values.

The Incremental Fit Index (IFI), Tucker-Lewis Index (TLI) and Comparative Index (CFI) reveal acceptable results. These indices should present values above 0.90 (Hair et al., 1998). In the current model, IFI = 0.87, TLI = 0.92 and CFI = 0.93.

Regarding the Root Mean Square Error of Approximation (RMSEA), values below 0.10 are considered to be acceptable, while values which are greater than 0.10 indicate an unacceptable fit (Browne and Cudeck, 1992). Moreover, according to Thompson (2004), values below 0.08 are desirable and below 0.05 outstanding. The current model RMSEA = 0.07, which is included in the desirable range.

The structural equation model is presented in Figure 3, with the standardized parameter estimate above.

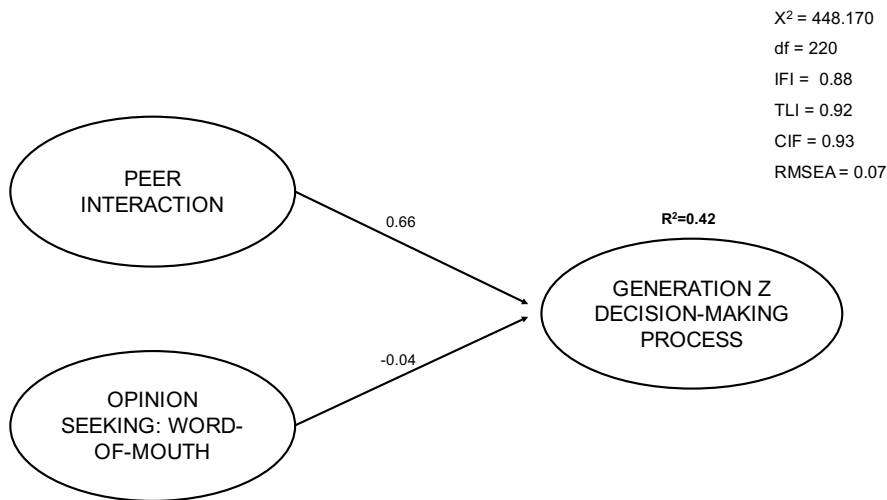


Figure 3: Model results

Given that all the fit indices were inside conventional cut-off values, the model was deemed acceptable.

Assessment of Research Hypothesis

After reviewing the model fit with the data, it's important to test the research hypothesis previously defined. In order to do that, the standardized estimates and the t-values were analyzed, as presented in the Table 8.

Research Hypothesis	Expected Relation	Estimated Parameter	p-value	Significance level	Supported
H1: Peer interaction positively influences Generation Z's purchase decision.	POSITIVE	0.66	<0.01	99%	YES
H2: Opinion seeking through word-of-mouth positively influences Generation Z's purchase decision	POSITIVE	-0.04	.64	99%	NO

Table 8: Results of research hypothesis

Only one of the two hypothesis proposed in the initial model was supported for a significance of 99% (p-value < 0.01). Therefore, based on the data presented in Table 8, when the impact of PI increases one unit, Generation Z's purchase decision increases 0.66 units, which means that Peer Interaction has a positive effect on the purchase decision of Generation Z. On the other hand, when the opinion seeking through WOM increases one unit, Generation Z's purchase decision lowers 0.04 units, showing that there is no significant relation between seeking information through WOM and the purchase decision.

Discussion of results

This study investigated the role of WOM and peer interaction in the decision-making process of Generation Z. Relating previous studies about the opinion seeking process and peer interaction, this study developed and tested a theoretical model that investigated potential key influencers of the generation, through the different decision-making stages. By measuring the underlying concept of decision-making process with the two distinct variables of opinion seeking and peer interaction, the study unraveled different relationships among the variables and its resultant behaviors.

The first hypothesis that the author tested was related to the relationship between peer interaction and Generation Z's purchase decision. The results showed that there is a positive relationship between these two variables, which means that when consumers interact with their peers, the overall decision process is positively affected. This is aligned with previous findings from Aoud et al. (2008), presented in the literature review. The correlations amongst these two variables and its items are also aligned with the existing literature where, according to Belch et al. (1985), peers exert greater greater influence during need recognition and search stages, but have little influence during final choice stage. This fact can be explained by the fact that this study was done with young people, whose ages ranged from 13 years to 21 years, for the smartphones' category. This category implies some level of investment, which is made by these younger consumers, that due to their age may lack buying power. Most of the respondents are students that do not work, yet, therefore their parents may be more responsible for the final decision of the buying process, since they are the ones investing the money. The influence of peers is effective due to the trust factor,

once there is an existing relationship among them, and they feel more related to each other. This closer relationship helps to influence the overall decision process, but is more important in the first stages where consumers only look for opinion about products, or when they are deciding among different alternatives to choose the one to buy.

On the other hand, the second hypothesis was not supported. This hypothesis tested whether opinion seeking through word-of-mouth positive influences Generation Z's purchase decision. The p-value obtained showed that there is no significant relation between these two variables, therefore WOM seems to have little influence in the overall decision process. Nevertheless, analyzing the correlations amongst items, the authors conclude that WOM has a greater influence in the overall decision-making through influencing the first phase, initiation. These results are different from the previous findings, that state that WOM has a powerful influence on behavior, especially on consumers' information search and evaluation (Cox, 1963; Brown and Reingen, 1987; Money, Gill and Graham, 1998; Silverman, 2001). One of the potential explanations is the fact that the category covered by this study can imply a different behavior for these younger consumers, since the final decision can be dependent on their parents' ability to invest in one smartphone. Given this, Generation Z can seek for the existing information about a certain product/brand, using that information as a cue to choose amongst different alternatives, and then present that information to their family and make the final decision with them. Here, the influence exerted by WOM is visible in the first stages of the process, and not so much on the final decision. Nevertheless, the sample that was taken into account can also influence the overall reliability of the study, since the coverage of all ages was not guaranteed. The initial scale of WOM comprised 8 items and, during CFA, 3 of these 8 items were deleted due to their low factor loadings in the standardized regression. By deleting these items, the information that was collected in the survey was not entirely considered, therefore some results could have been interesting and useful to reach to different outcomes.

This was the first time that Generation Z's decisions were studied in Portugal, and their patterns as consumers can be different from the previous generations, studied by other authors. Nowadays, the number of information sources is greater, and consumers dispose of many resources from which to choose, prior to make a decision. With the advent of the internet, and moreover

with the growth of SNS, opinions and ideas are now more widespread, and consumers can gather information more easily. Gathering online information can be done in several ways, and WOM is one of those tools. The use of bloggers and brand ambassadors is another form of providing and sharing information, and this generation may be closer to them, rather than taking into account opinions from other consumers with whom they do not have a relationship with.

Overall, Generation Z's decision-making process seems to be more influenced by peer interaction rather than through word-of-mouth.

CHAPTER 5

Findings

Theoretical implications and contributions

This research provided theoretical implications for understanding the influencers of Generation Z's decision-making process through a comparative study between WOM and Peer Interaction. By analyzing the behaviors of this young generation, as well as the factors that influence its decision-making process, the author uncovered the critical role that peers perform in this process.

Overall, there are not many studies that focus on Generation Z. Several authors focused on Millennials, a generation that presented different characteristics from the previous ones and that were interesting from a managerial point of view. This study was one of the first to be done in Portugal, and it is a first step to understand this new generation that is now ready to enter the labor market.

The main findings of this study are the positive influence that Peer Interaction exerts in the overall decision-making process of Generation Z and the fact that it was not possible to confirm the same significant influence for the WOM construct. Nevertheless, there is some correlation between this variable and some stages during the process of decision-making for this generation, which shows that WOM has a greater influence in decision-making during the initiation stage, where consumers become aware that they need a certain product - a smartphone, for this matter. Previous studies confirmed some of these relationships amongst peer interaction and family decision-making, however

there was no study that specifically addressed to Generation Z's decision process, as well as the involvement of WOM as a potential influencer.

The relationship between Peer Interaction and Adolescent Family Decision-Making was studied for Tunisian adolescents with Aoud et al. (2008), and their results were aligned with some of the results attained in Portugal. Nonetheless, the new variable included (WOM) did not provided the expected results for the population being studied. One important consideration is that age can provide different consuming patterns, once the population being study has a range of 20 years, between those who born in 1995 and 2012. For these consumers, peer interaction has a higher relevance in the first stages of the decision making process, when the consumers look for information and assess different options before actually making a decision.

This study was the first to consider WOM as an influencer throughout the decision-making process. Even though the results did not show a significant relationship between the variables being study, it was important to understand Generation Z's behaviors. Several authors have identified this generation as being different from the previous ones, heavily influenced by the internet and social media. Nevertheless, until now there were no studies that investigated the motivations and influencers of this generation, a generation that actually differentiates from other generations previously identified and investigated.

Managerial implications

This paper offers some interesting insights for marketers. The author believes that the understanding of the main influencers in the decision-making process of Generation Z can provide relevant cues to best target these young consumers, providing strategies that are aligned with their behaviors, exceeding their expectations and ensuring their satisfaction and loyalty as consumers.

With this study, marketers understood the positive influence that peer interaction exerts on Generation Z's. However, the results of WOM did not show significant influence throughout the decision-making process. This generation has grown up with the internet, and they are used to look for information more easily and faster than the previous generations. By knowing this, marketers should take this into account and adapt their communication, ensuring that peers

represent a valuable role in the decision-making process of each other. This can be done through investing in the relationship between brands and online users, once they act as brand advocates while they share their opinion about their experience and usage of a certain product/brand. Companies like Starbucks have been capitalizing their communication efforts in tools like WOM. Starbucks has invested several resources into growing their social media presence, encouraging customer comments and suggestions with its digital properties, continuing to favor word-of-mouth communication and technology over traditional advertising.

Peer interaction can be stimulated by companies through their SNS' pages, providing peers the resources and information that are more useful from the marketers' point of view, encouraging the conversation amongst them. Since peers know each other, their trust level is higher, and therefore they will take each others' opinion into account in a faster way. Instead of investing in brand ambassadors or bloggers that do not have a personal relationship with consumers, peers provide an easy cue to advocate their opinion, easily influencing other consumers.

Even though the author did not prove a significant relationship between WOM and the generation's decision-making process, marketers should invest in this communication tool once it provides relevant information for consumers with little investment. With social media, consumers are empowered to share their opinions and experiences, which can be a powerful cue for other consumers that are considering the hypothesis of buying the same product, or visiting the same place. That said, this type of communication requires smaller investment for marketers, compared to the so-called advertising. If consumers have a positive opinion about something, they will positively influence another consumer, and that is of major importance for companies. On the other hand, if their opinion is negative and they share it, marketers risk losing more than just one unsatisfied consumer, once he/she will influence several consumers by sharing that experience. By managing and engaging this information sharing, marketers can positive influence the information flow, which can be valuable for them to ensure satisfaction of consumers.

Overall, peer interaction and WOM exert more influence during the first stages of the decision-process. The final decision of this process is not heavily

influenced by these tools due to the influence that parents have over this generation's decision-making ability. For marketers, it is important to set different strategies to address both Generation Z and their parents, once this generation's decision-making process is not entirely decided by them. Throughout the process, consumers of this generation are responsible to identify their needs, search for the product/brands that satisfy those needs, and looking for information that will help them to choose amongst different alternatives. Nevertheless, parents still represent the major influencer and perhaps the main deciders within the last stage due to the lack of financial resources of these younger consumers. To address this opportunity, marketers should design strategies that take this information into account, besides regarding only for younger consumers.

Limitations and future research

As with any study there are a number of research limitations that should be taken into consideration.

The initial study proposed by the authors was slightly different from the final model that was analyzed. During CFA, three items were deleted from the WOM construct, which means this scale should be reviewed for the population under study, once it may not represent the reality as it really was. These changes impact the overall study, therefore the scales that were tested should be changed and adapted after the results provided after this study.

Overall, the hypothesis that tested whether WOM positive influences the decision-making process was not supported, since the results did not prove a significant influence in the decision-making process. One of the recommendations is to include the two concepts that were not studied throughout this research, opinion sharing and opinion giving, and by re-evaluating the existing scale for opinion seeking to ensure that the new items can provide better results to the overall model. Moreover, this study considered only one product category, which is smartphones. This category implies some level of financial investment, once the product is expensive when compared to other categories such as clothing or food. With different categories, the results can be different, and the influence of WOM can be greater.

Another suggestion is to include different variables in the study, therefore enlarging the field of analysis that was considered. The new proposed model should include new variables such as the use of bloggers, viral marketing, brand ambassadors and user generated content (USG). These variables are all associated with SNS, and this is aligned with the existing characterization of Generation Z that states that these younger consumers were born within the digital age. Uncovering the relationship between these variables and their decision-making process may help marketers to best target these consumers, understanding what motivates and engages them. Also, by enlarging the number of variables included in the study, it would be possible to understand different key influencers that are part of Generation Z's decision-making. Since there exists limited research about this new generation, it would be interesting to continue investigating how to reach these customers.

Finally, the sample in this research was not enough to fulfil all the criteria from a statistical point of view. The sample collected by the author was 180 people. It would have been important to have more respondents, not only to collect more answers and different opinions to consider, but it was also important to ensure an efficient coverage of respondents, in terms of ages, city of residence and sex. The current sample was composed by 73% women, and most of the respondents were located in Lisbon. If the sample was evenly distributed through Portugal, results could be more reliable and credible, and therefore it could produce more information valuable to both scholars and professionals. Moreover, taking into account the composition of the sample considered in this study, it was not possible to compare results between different groups, such as the age or the sex of the respondents. Specific information about social media usage could have also been an interesting measure to be compared between demographic groups, but the samples were not evenly distributed, therefore the results were not as conclusive as the authors would expect them to be.

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APPENDIX

Age	
Sex	Male
	Female
Local of residence	
Educational Attainments	Primary school
	Middle school
	Secondary school
	University frequency
	Bachelor Degree
Do you possess a smartphone:	Yes
	No
Do you use the Internet every day?	Yes
	No

In average, how much of your daily time do you spend in activities within Social Media?	
In average, how much times a day do you enter social media?	

From 1 to 7, indicate the frequency of usage of the following social media activities:

(1=Never; 2=Rarely; 3=Occasionally; 4=Sometimes; 5=Frequently; 6=Most often; 7=Always)

	1	2	3	4	5	6	7
Share links							
Make publications in your own Facebook Wall							
Comment (status, friends' publications, pictures)							
Look for information published by other users							
Publish pictures							
See pictures							
Publish videos							
See videos							

In terms of Peer Interaction, from 1 to 7 evaluate your opinion according to these sentences:

(1=Totally disagree; 2=Disagree 3=Partially disagree; 4=Do not agree or disagree; 5=Partially agree; 6=Agree; 7=Totally agree)

	1	2	3	4	5	6	7
My friend and I talk about buying...'							
My friends and I usually talk about buying ... which we see or hear advertised'							
My friends and I usually talk about ... that I should or should not buy'							
My friends ask me for advice about buying...'							

In terms of Opinion Seeking, from 1 to 7 evaluate your opinion according to these sentences:

(1=Totally disagree; 2=Disagree 3=Partially disagree; 4=Do not agree or disagree; 5=Partially agree; 6=Agree; 7=Totally agree)

	1	2	3	4	5	6	7
When I consider buying a smartphone, I ask other people for advice							
I don't need to talk to others before I buy a smartphone							
Other people influence my choice of buying a smartphone							
I would not choose a smartphone without consulting someone else							
I rarely ask other people what smartphone to buy							
I like to get others' opinions before I buy a smartphone							
I feel more comfortable buying a smartphone when I have gotten other people's opinion on it							
When choosing a smartphone, other people's opinion are not important to me							

In terms of your Decision-Making Process, from 1 to 7 evaluate your opinion according to these sentences:

(1=Totally disagree; 2=Disagree 3=Partially disagree; 4=Do not agree or disagree; 5=Partially agree; 6=Agree; 7=Totally agree)

	1	2	3	4	5	6	7
Initiation							
I usually bring the ideas to buy a smartphone in my family							
I usually bring the ideas to buy a smartphone in my family							
I usually realize that us useful to have a smartphone							
I usually get my parents to start thinking about buying a smartphone							
Information search							
I usually visit the store(s) to look for different brands of smartphones							
I usually visit the store(s) to look for different models of smartphones							
I usually examine different brands of smartphones at the store							
I usually examine different models of smartphones at the store							
Assessment of alternatives							
I usually assess the quality of different brands/ models of smartphones							
I usually assess the price of different brands/models of smartphones							

I usually assess the color of different brands/models of smartphones							
Final decision							
I usually decide from which store to actually buy a smartphone							
I usually decide the amount of money to be spent in buying a smartphone							
I usually decide from which store to finally buy a smartphone							