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The behavioural economics of Generation Z: pragmatism and 'Z logic' in purchasing decisions

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Abstract

Generation Z (Gen Z) presents a significant challenge for business management and traditional microeconomic models. This generation, characterized by its scepticism and digital nativeness, is transforming consumer strategies. The aim of this article is to analyses the determining factors in Gen Z's purchasing decision-making process, identifying a distinct pattern of economic behaviour. The results reveal a central contradiction: although the main motivation for purchasing is emotional (61.8% seek "personal satisfaction"), the final decision is governed by strict economic pragmatism, or "Z logic". This logic prioritizes utility maximization, where value for money (59.2%) and previous user experience (51.8%) are the decisive factors. This pragmatic approach overrides declarative values; although 22% say they are aware of sustainability, they are not willing to pay a premium, and 27.8% do not consider it a relevant factor. Loyalty, therefore, is not emotional, but transactional, based on product effectiveness. The conclusions highlight the need for brand management and business management strategies to abandon models based on aspirational loyalty and focus on transparency, functional value and demonstration of utility to capture this rational consumer.

Keywords: Generation Z; behavioural economics; purchasing decision; Z logic; economic pragmatism; microeconomics; business management; brand management

Abbreviations: Gen Z: Generation Z

Introduction

Generation Z (Gen Z) represents a key economic force that challenges traditional business management and microeconomic models. Born into a saturated digital ecosystem, their behaviour differs substantially from that of previous generations, invalidating brand management strategies that, in the past, were based on building deep relationships [1]. Recent research confirms that loyalty among Gen Z is built differently, prioritizing authenticity in digital media over brand personification [1]. Unlike past consumers, Gen Z operates with full access to information (81.2% actively research online before buying) [2] and an inherent scepticism towards commercial messages, especially in influencer marketing, where advertising recognition is high [3]. This highly informed context fosters a more rational consumer who is less subject to aspirational brand loyalty. The purpose of this paper is to analyses in detail the core of Gen Z's purchasing behaviour, going beyond superficial motivations to identify the pragmatic economic principles that govern their decisions. This analysis is essential for organizations seeking to adapt their innovation strategy and resource allocation strategies to this new consumer reality.

Discussion

Analysis of Gen Z's consumption behaviour reveals a pattern that should be central to modern business management theory. This pattern is defined by a disconnect between emotional impulse and rational execution of the purchase. Although the desire to purchase is driven by "personal satisfaction" (61.8%), the final transaction is subject to rigorous cost-benefit analysis. A key field where this dichotomy is evident is sustainability. Gen Z is often portrayed as a generation driven by ethical values. However, the results show that this is a stated preference, not revealed economic behaviour. While 22% identify themselves as "conscious" of sustainability, they explicitly state that they are not willing to pay extra for it. Even more striking is the 27.8% who admit that they do not consider it a relevant factor in their decision. From an applied behavioural economics perspective, which analyses consumer choice models [4], this indicates that the "premium" associated with social values is rejected. The purchase decision is optimized based on price and personal utility, not perceived social benefit. The only notable exception is animal welfare (cruelty-free), which generates greater traction, although it remains subject to price [5].

Gen Z's decision-making process is defined by two pragmatic pillars that shape their 'Z logic'. The most decisive factor is "value for money" (59.2%). This represents a direct microeconomic calculation, where the consumer evaluates the marginal utility of the product against its cost, a pillar of consumer behaviour that has been revised in the context of Gen Z's online information search [6]. The second most important factor is "previous user experience" (51.8%). This result is key to brand management: loyalty is not emotional, but a heuristic for risk reduction. In a market saturated with information, "pragmatic loyalty" (repeating a purchase that worked) is an efficient strategy to ensure utility and avoid the cost of a bad decision. This consumer is not "unfaithful" to brands; they are rationally loyal to utility. This "Z logic" requires a refocusing of business strategies. Traditional brand management, focused on building aspirational desire through advertising, is losing effectiveness. Gen Z rejects intrusive advertising and prefers to do their own research (81.2%).

The implications for business management are clear:

a) Transparency as a strategy. Since they actively research, clear, authentic and accessible information (reviews, specifications) is not an extra, but a customer service requirement. Mistrust is generated by digital inconsistency (outdated profiles, opaque information).

b) The product is the marketing. The driver of loyalty is "previous user experience" (51.8%). Therefore, investment in product quality and after-sales service (experience management) becomes the most effective marketing tool, as it directly feeds into the main factor in the decision to repurchase.

Conclusion

The consumption behaviour of Generation Z is not erratic, but rather represents a return to a rational economic agent model. "Z logic", a pragmatism based on maximizing utility (value for money) and reducing risk (previous experience), is its defining characteristic. This generation dismisses aspirational brand narratives and nullifies the impact of stated values (such as sustainability) when they conflict with cost.

For business management and the economy, this marks a significant shift: loyalty is transactional and based on proven effectiveness. Business management strategies must pivot from image creation to demonstrating functional value and operational transparency, recognized as the best marketing is a product that consistently delivers on its promise.

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Conflict of Interest

None.

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