

## **An effect of “Zero Moment of Truth” on Gen Z consumer’s buying decisions process in Pune City**

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### **Abstract:**

*In the contemporary marketing era, it is essential to study the socio- economic background of the customers. In the modern marketing Gen-z customers are playing the role of influencers. They have that power to modify and change the decision making powers of other customers. They have unique decision making style and since, all other generations refer them for their purchase decisions. It is essential for the marketers to study their decision making style adopted by the Gen – Z customers.*

*Generation Z consumers are the first generation to become techno savvy. They are using technology since their birth. In India, technological advancement is a key for many organizations. Since, it is available and essential Gen z customers are using it and they are recognized as most techno and digital savvy generation. The modern market place is in the pocket of these customers. It is a digital market place where virtual transactions have great importance. The information about the products/ brands is easily available. Consumer’s purchase decision making process has been radically altered and new perspective has been noticed by the marketers.*

*A unique decision making process is adopted by the Gen z customers. They need different information at different stages and they are trying to get it from the variety of places. First moment of truth (FMoT) and Zero Moment of Truth (ZMoT) are the concepts were introduced by the marker experts. First moment of truth, highlights the consumers store experience when he enters and come across with the brand/ products on shelves. However, the ZMoT is the moments experienced by the customers before entering in to the store. Consumers online research phase can be considered by the marketers.*

*The Zero moments of truth considers the consumer behavior related to the online research prior to the buying decision. Gen- Z consumers are more attached to electronic Word of Mouth (e-WoM) and they are using it for more informed buying decisions. This research is an attempt to discover the effect of zero moments of truth on actual buying behavior of Gen Z for electronic appliances. It is essential to study the pre purchase stage of the customer’s buying journey. This will help organizations to understand and influence the same with effective strategies. This research paper is an attempt to understand the effect of ZMoT on the decision making process on Gen- Z customers. Qualitative research method was adopted and grounded theory approach was considered to figure out the facts related to the phenomena.*

**Keywords:** *Generation – Z consumers, Zero moment of truth (ZMoT), Buying Decision, E-Word of Mouth.*

### **1. Introduction**

The different purchase decision making style is adopted by the different generations. Organizations need to exhibit each and every stage in a unique way. This will lead to the successful marketing strategies.

By analyzing the decision making process adopted by the consumers, the marketing experts can convert the prospects into the valuable consumers. Traditionally, customers were depending on the sales people for all the required information. The organizations representatives were meaningful source of information for the consumers. They were depending on them for the buying decisions. Much of the consumer research was executed in a physical store where the sales executives were waiting for the customers so that they can "sell" the product or service to them. The profit of the organization was depending on the aggressive salesmanship of the sales team.

With the advancement in technology, Gen Z buyers can search maximum information related to the products/ brands and organizations. They follow very unique pre as well as post decision making style. They are more depending on the internet, and uses search engines and social networks to collect updated facts related to the products. Gen – Z customers are well connected with the other buyers and their personal network help them to consider their buying decision via social media. Gen- Z buyers are looking for agreement and support for their decision style among their network. However, verifying the products is equally important for these consumers and they visit shops and showrooms for the same. They are collecting information about the products/ brands online and take endorsement from the others for their selection. Shopping process is completed online, and they visit stores as pick-up points. After purchase and actual use of the product Gen Z customers are interested to provide reviews of their experiences on the online portals and the social networking sites.

## **2. Literature review**

### **a. Moments Of Truth**

In the book “Winning the Zero Moment of Truth” published by Google, the definition of ZMOT as the “moment where marketing happens, and where consumers make choices that affect the success and failure of nearly every brand in the world.” Before ZMOT the concept of First Moment of Truth (FMOT) was introduced by the Procter & Gamble. They introduced it as, The Moment in which consumers make decision of buying / rejecting the organizational product. It happens in the store. They also identify the second moment of truth, it is considered when consumers actually uses the brand – and is delighted, happy, satisfied/ dissatisfied with the purchase.

Procter & Gamble called it as, “shelf decision moment”. According to them, seven seconds are decisive after the first interaction with the buyers. Hence, they labeled this as the “First Moment of Truth” (FMOT) (Nelson, Ellison, 2005).

Figure 1. **Traditional step mental model of decision making process**

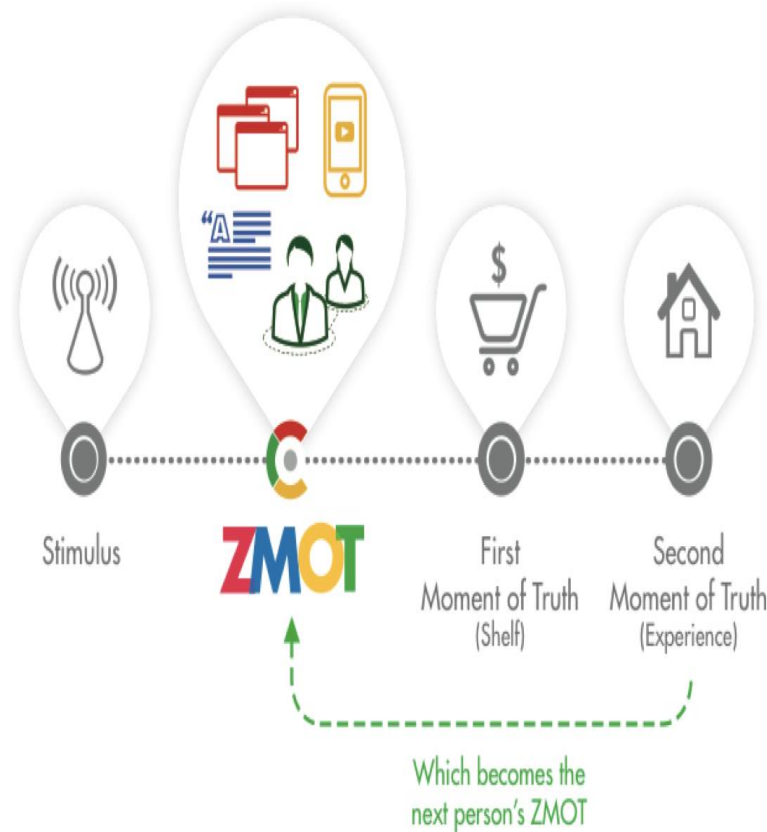


Source: Google Shopper Sciences Research, 2011

The marketing experts invest their hard efforts which work as stimulus and help buyers to identify the need for the products. As a result, Buzz is created in the market and customers start noticing the products on the shelves (First moment of truth). Actual use of the product—or experiencing the brand—is known as the “Second Moment of Truth” (SMOT). According to the Procter & Gamble CEO, Lafley, the marketers are facing two types of marketing challenges. The first moment occurs at the store shelf, when a consumer decides to buy one brand or another. The second occurs at home, when they use the brand and are convinced with the decisions.

With the digitalization, the Awareness level has been increased and consumers want to take more informed decisions. They are interested in collecting the sufficient information at the time of stimulus. Many consumers use the internet to collect information and do the comparison of alternatives available for the products. They prefer to take decisions after the sufficient search online and then they can make purchase decisions Darley, W. K., Blankson, C. and Luethge (2010). Digital technologies have changed the consumer’s information search model. Consumers are active on internet, social media and websites of the organizations. Consumers get information about the brands and market trends online. Hence, their interaction and exposure creates new “Moments of Truth” (MOT) between brands and consumers that are not acknowledged before.

**Fig. 2. The new mental model of decision making process**



Source: Google Shopper Sciences Research, 2011

At the time of information search, the consumers considered the review of the real users of the organizations products. It was noticed that the new buyers review the comments and the ratings recommended by them.

As consumers express their experiences and reviews online this is considered by the others buyers before taking purchase decisions. This new situation can be considered as, Zero Moments Of Truth (ZMOT). It creates background for the consumer to take decisions. Consumers learn from search results, user reviews, star ratings, print advertisements, and image advertisements on Web Pages, logos, news headlines for the products and the organizational official videos on websites. In short, the Zero Moment of Truth motivates customers to make purchase decisions.

Marketers focused on the first and second moments of truth; however it is essential for them to invest remarkable time, energy and recourses to understand the buyers ZMoT. A systematic research is required by the marketers to understand the winning the Zero Moment of Truth. Consumers Pre-shopping behavior significantly changed. In the past the consumers invest their energy while making big purchase like cars, homes etc. The current buyers search information for even the daily purchases and consumable products. Their search locations have been changed and variety of options is available for the buyers. The sources may vary as per the ability and interest of the buyers. Some may prefer to get information on TV commercials, magazines, recommendations from friends and family, websites, ratings and blogs online.

#### **b. Consumer decision making process**

As per the consumer decision making model, consumers follow the deferent steps to take final purchase decision. At the initial stage of decision making process, the need is identified by the consumers. Motivated by the need consumers try to find the suitable sources regarding the information Hoyer, W. D. (1984). The next step is evaluating all alternatives, followed by purchasing decision. In the traditional purchase decision model buyers follow structured process and follow all the steps of decision making process where as online purchase the decision making process is more of unstructured in nature. Berisha, I. et al. (2017) Essoussi, L. H. and Merunka, D. (2007) confirm that customers purchase decisions is influenced by information availability. Buyers are seeking information related to the product attributes, pricing strategies, availability of the product. At the same time they are interested in authenticity of the information. It is observed that, the buyers decision is highly affected by the Word of mouth Bansal, H. S. and Voyer, P. A. (2000) it has a higher impact on consumer buying decision. The prospective buyers found that the information received by the other is more authentic and easy to understand Chi, H. K., Yeh, H. R. and Yang, Y. T. (2009). uyers felt that they receive more customized and unbiased information as compare to the information provided by the marketers in the printed version.

According to Essoussi, L. H. and Merunka, D. (2007) consumers take more time when they are searching information online. The online filters which are available for information can be considered for the information collection. During the online search the buyers can get the information through SEO that is about the products/ brands frequently searched by the customer. Buyers are convenient in searching the brands which are used by him. Brand awareness is considered as the key element. Huang, W., Schrank, H. and Dubinsky, A. J. (2004) found out their study on the cellular phones, brand awareness, perceived quality and brand loyalty are additional components which affects on the purchase decision. When purchasing online, the reviews and opinions shared by previous costumers is considered as the deciding factor with the highest impact on the purchase decision made by the prospective customers (Kohli et al., 2004). He continued the same study to find out other influencing factors such as privacy, security and buying believe. According to the study conducted by Kohli, R., Devaraj, S. and Mahmood, M. A. (2004) for the online buyer, the decision making process is very complex but precise. He highlights the relation between trusted brand and purchasing intention. In the post-purchase evaluation phase, consumers decide if they will buy the same product permanently. The utility they will have from the product they bought is expected to be shown in this phase. Moreover, the study confirms that the quality of services is important elements of the satisfaction level. Consumer decision making is highly linked with individuals' experience.

(Hoyer, 1984) highlighted the importance of customers experiences. He stated that if the buyer's previous experience is positive then the purchase decision making process is short but he is not happy then the buyer will change the whole process Decision Support Systems. North-Holland( 1006), confirm the importance of positive word of mouth. According to him, buyers perceived it as the cheapest way of communication, more convincing and dependable. Aaker and Keller (1990) offer strong evidences in linking the brand awareness with brand loyalty. Depending on the current situation, consumers adjust to the decision-making process.

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

#### **a. Problem formulation and Gap analysis:**

The Changing business dynamics is affecting consumer behavior in a big way. With the technological advancement, the pre-purchase phase has been under a significant turbulence. It is

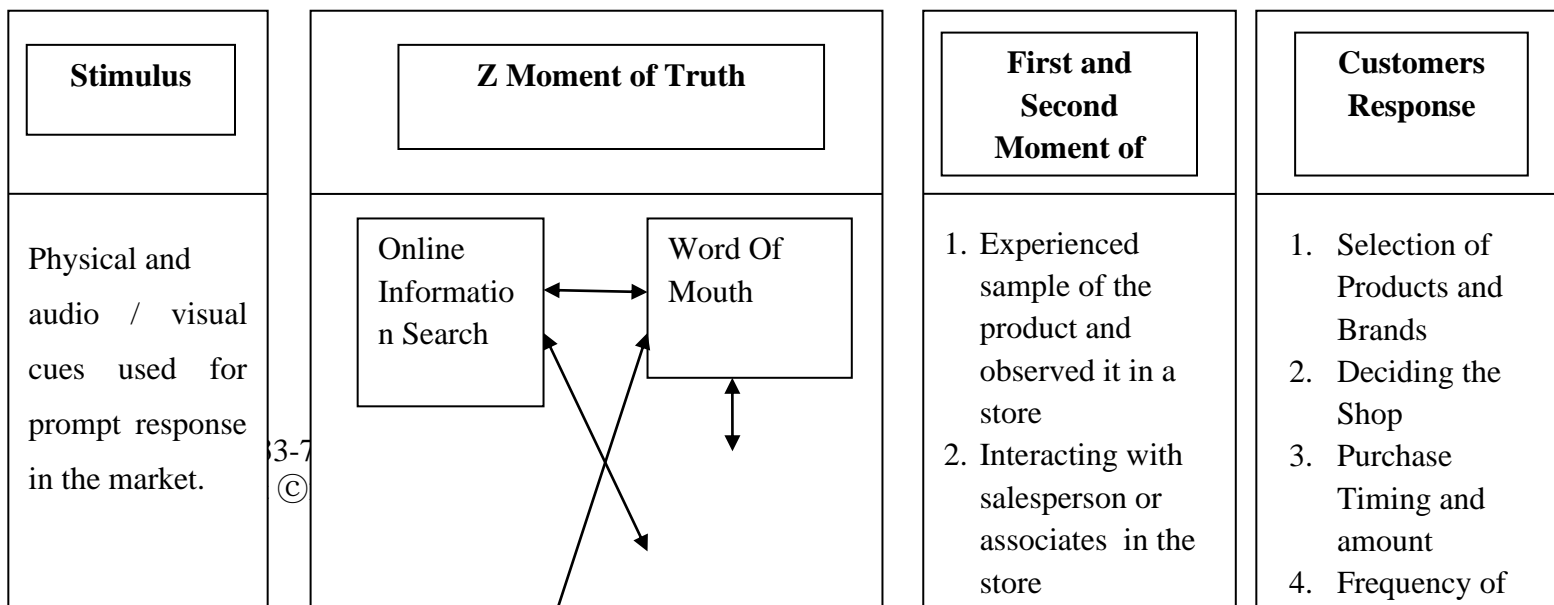
observed that the customer's are more involved in purchase decisions and different trends had been followed by the buyers. It is observed from the literature review, that Brands are diluted and consumers value other customer's reference for decision making. Therefore, authority has transferred from brands to the consumers the communication points were not in the control of the organizations. Informal communication mediums are considered by the customers for decision making. The extensive study on customers' shopping behavioral response towards the stimulus provided by the marketers was identified by the researchers. Therefore, it is highly important to understand the contemporary decision making process adopted by the consumers. Following gaps were found by the researcher.

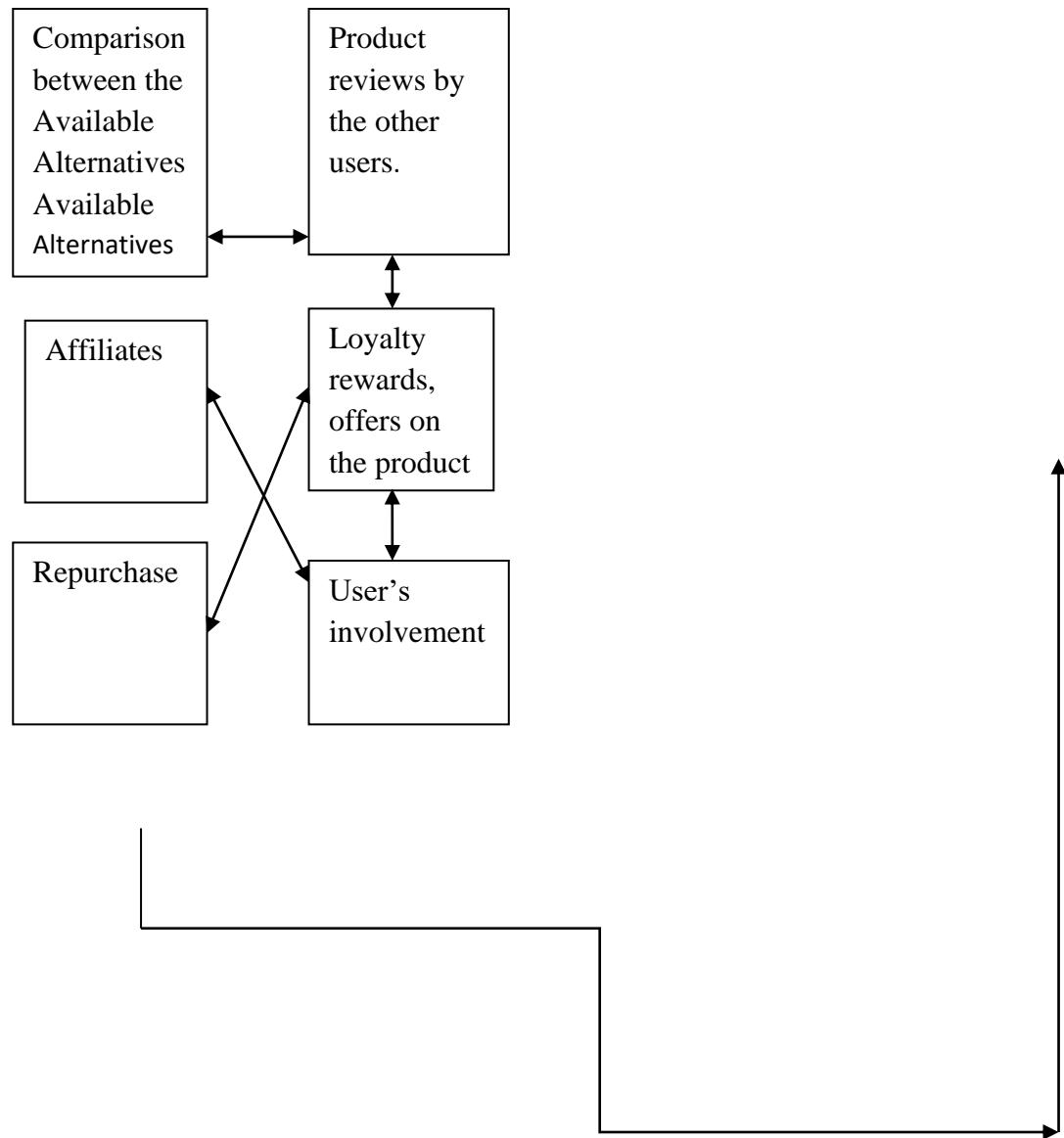
1. Lack of sufficient information related to the Gen Z consumers behavioral response during the pre-purchase phase of decision making process.
2. Gen Z consumers are key decision makers and trend setters. They have unique decision making style which needs to be understood by the marketers. Very few organizations and researchers highlighted the importance of this phenomenon.
3. The information on product has been collected, processed and evaluated by the consumers in very unique way. Moreover, Gen z consumers are more educated, well informed and influenced by the written reviews by other consumers. Their purchase decision decisions were more driven by social interaction. Hence, it is necessary to conduct inductive research to uncover the consumer's behavioral response at every phase of decision making process. That is Identification of needs, information search, and evaluation of alternatives and lastly purchases decision.

**b. Objectives of the research:**

1. To study the concept of Zero Moment of Truth (ZMOT) and its importance in the consumer decision making process for the electronic products.
2. To understand the applicability of Zero Moment of Truth (ZMOT) concept related to the demographic profiles.
3. To understand the different sources used by the Gen Z consumers for getting information related to the electronic products.
4. To recognize the modern communication environment (stimulus) and the role of internet (Audio- video) in decision making process.

**c. Model Developed for the research:**





**d. Research Methodology:**

The research approaches refer to the qualitative method which provides a number of straightforward data and information (descriptive), covers the generalized concepts of Generation Z and the Zero Moment of Truth (ZMOT) (fundamental) and includes a broad theoretical framework as well (conceptual). After gaining the information through pilots study it was inferred that Zero Moment of Truth (ZMOT) is very effectively influence the Gen Z consumers purchase decision related to the electronic products. Keeping this in mind, the researchers focused the interviews on and around the **Zero, first and second Moment of Truth** (ZMOT, FMOT, and SMOT).

The researchers used **semi- structured interview** methods to conduct the survey. During the interview **pre- formulated script** was used however, the questions were modified as per the

interaction with the respondents. The focus of unstructured interviews was to develop conceptual clarity on the said topic. The main purpose of implementing this research method was to gain a deeper understanding of the both the concept of ZMOT and its effect on consumer response and decision making process related to the Generation Z.

Each interview was recorded and transcript was prepared by the by the researchers. For the analysis of the data **Nvivo Software** was used for this study. This software helped to uncover insights related to the topic. The researchers were able to produce clearly expressed, justifiable findings with proper evidences. To generate appropriate results '**Most frequently used words**' were identified by the researchers. However, some **key words** were identified by manual coding.

#### **e. Methods of data Collection:**

The **survey instrument** was developed by the researchers. It was ensured that, the necessary changes can be incorporated during the research. The research was carried out to meet the objectives set for this research. The **Demographic factors** of Generation Z were noted in the **initial part** of the research instrument; the second part covered the **stimulus (marketing cues)** received by the buyers and their sources were understood by the researchers. Through this discussion the researchers tried to understand about the **content, preferences and the overall expectations of the customers** from the marketers. The focal point of the interview was to understand the **process adopted by the customers** at the Pre-Purchase Phase of his buying Journey.

Initially, the respondents were informed about the objectives and all the important details of the research. Additionally, they were ensured about the confidentiality of the survey data and were provided with approximate time duration of the process of completing the survey.

**60 volunteers** belonging to the age group of Generation Z were selected. **Purposive sampling method** was used by the researcher to select the respondents. The representatives of Gen Z consumers who had **purchased** any of the **electronic products in the last past 3 months** and can **recall their experiences** were considered for the study. **35 males (aged 18, 20 and 22)** and **25 females (aged 16, 20, 22)** were considered for the study. The survey was conducted in **Pune city** and interviewees were from the same geographical area (PCMC area), the author contacted the individuals and introduced the study and the research to the potential interviewees. The interviews were conducted at the pre- decided convenient place for the interviewees and the interviewer. The interviews were conducted in person and each of the interviews lasted approximately **30 – 45 minutes** for each respondents. Some survey questions were adjusted depending on the received response and the need of the interviewees. On each point in-depth discussion were carried out between the interviewer and interviewees.

#### **Most frequently used words:**

**Following key wards were identified by the researchers during the interaction with the prospectus.**

##### **a. Stimulus/ Motivation to the buyers.**

- Observed advertising while surfing online especially on social cites.
- Noticed outdoor billboard on my way to the office.



- Red magazine articles/reviews/information by the experts and other customers about the products.
- Attended a event organized by the dealers where product were featured and displayed for the information.
- Received catalogue, brochure from a store/retailer on registered mail through mail.
- Tried a sample/experienced the product at a dealer's gallery/ shops with my friends.
- Saw advertisements on television during my favorite adventurous show hosted by the company.

**b. ZMoT (Zero Moments Of Truth)**

- Converse with friends and family about the product. Their opinion will be considered by me.
- I searched online information, used a search engine specially Google to get information.
- Watched comparison videos on YouTube for the specific information about the products.
- Understood the loyalty points received on my previous purchase from the same organization.
- Gathered information about the product from company website on my mobile phone before entering in the showroom.
- Browsed product reviews or endorsements on online media for updating my knowledge.
- Valued comments and opinions expressed by the other users online and offline.
- Watched online videos about the product features, technology used and the warranty and guarantee provided by the company.
- Visited the special blogs that discussed electronic products and gathered information about the product I wished to buy.
- Established a connection with customer service representatives of the authorized dealers.
- Reviewed the products mentioned on a social networking website like Instagram, and Face book.
- Received a referral message on mail / what's up from a friend/ family.
- One of my friend forwarded coupon and pricing information of the products on a social networking site.
- Received information through chat bout. It helped me to clear all my doubts related to the products from the company experts.
- Used my mobile phone to scan 2D barcode/QR code in the store.

**c. FMoT (First Moment of Truth)**

- Tried and experienced the product in a store.
- Talked with a salesperson or associates in the store who provide information about the products.
- Looked at the product package in the store/ gallery.
- Read brochure/pamphlet about the product in the store which is displayed in the store.
- Used coupon/ loyalty points while doing actual purchase in the store.
- Redeemed a gift card/rewards card

**d. SMoT (Second Moment of Truth)**

- Recommended the product to friends/family because of I am happy with my purchase.
  - Mentioned about the product and my purchase with the co-workers and colleagues. I developed a story on my Face book and Instagram accounts.
  - Wrote a positive customer review on a website and social media.
  - Displayed photographs of the product on a social media account.
- e. Customer's response.**
- My Product and Brand choices are depend on the quality information and my experience.
  - I choose the Retailer and dealers on the basis of sales force and the pricing benefits received by me.
  - I prefer online and offline purchase.
  - Frequency of the purchasing the same product/ Brand depends upon my need, availability and uniqueness of the products.

## Discussion

This research indicates that the Zero Moments Of Truth is the most important phase in buying decision-making process. Customers are conscious about the utility values of the products. They want to understand the value addition of the purchase. Since they want to reconnaissance their experience they need absolute information about the products. Customers want to know and understand much more before they reach to the shelf. Their decisions are very well informed and Gen Z customers want to buy with confidence. Hence, they explore all possible resources to get sufficient information about the brands and products included in their evoked set. At the same time, they share their learning with others.

It is essential for the organizations to start a conversation with the proposed customers. Stimulus and the marketing communication attract the customers' attention towards the products however; customers are carving for the significant information about the products and the organizations. This research validates the efforts of meeting those customers in meaningful way. This research validates the consideration of Zero Moment of Truth to understand the critical decision moments considered by the Gen Z customers before actual purchase of the products.

This research supports to identifying this **new moment of buying decisions** ( ZMoT). It is the first impression created by the organizations about the product, and the value addition made by the purchase. ZMoT can change the marketing rulebook for the Gen Z customers. ZMoT is a powerful moments for the customers as well as the organizations. However, it is a tool for the organizations to attract and influence the purchase decision of the customers. It has capacity to generate the highest impact as a marketing tool. ZMoT turns small wins into huge and potentially big wins for the organizations.

For the Gen Z customer's online information, reviews about the products and brands make a primary difference towards the purchase decisions. Search engine especially Google and YouTube has power to influence the decision making for the electronic products. Social Media, store representatives, Company websites and the coupons and discount policies of the organizations attract the customers for the positive decisions. The information received thorough these channels are well received and accepted by the Gen Z customers.

Gen Z believe in learning from their search results, reviews given by the actual users of the products , star ratings, text and image advertisements, news headlines and videos developed by the organizations.

The best brands consistently win two moments of truth. The first moment occurs at the store shelf, when a consumer decides whether to buy one brand to another. However, the more important is the Zero moment of truth which influence the decisions of the Gen Z customers before reaching to the actual market place / store. Hence it is essential for the organizations to persuade the young minds of the Gen z customers.

The second moment occurs, when the customers uses the products. They share their views and an experience with others which motivate / demotivate the prospective customers in future. Consequently, it is very essential for all the organizations to study the ZMOT, First and Second moment of truth. This can be used as wining marketing tool by the organizations.

### **Conclusion**

Zero moments of truth (ZMoT), is the first impression created by the organizations in the minds of the prospective customers. It is about the product, and the value addition made by the purchase. All the prospects are always very conscious about the value addition to them as compare to the invested time, energy and time. All the Gen Z customers want to make perfect decisions. They prefer to take well informed decisions based on the sufficient information and data collected through different sources. Gen Z customers collect the information through online as well as offline sources of data collection. Keeping this in mind, the organizations can try to win the Zero moments of truth (ZMoT). This can further contribute for developing positive brand image which will result in growth and development of the organizations. This is very important phase for the organizations to persuade the young minds of the Gen z customers.

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