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Master in Management Program

MARKET SKEPTICISM AS A SPECIFIC TRAIT OF CONSUMER BEHAVIOR OF
REPRESENTATIVES OF GENERATION Z

Master's Thesis
by the 2nd year student
Concentration - Marketing
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АННОТАЦИЯ

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Описание цели, задач и основных результатов	<p>Целью диссертации является определение особенностей потребительского поведения поколения Z, обусловленных уровнем маркетингового скептицизма.</p> <p>Задачами диссертации являются обзор существующей литературы в сфере потребительского поведения поколения Z, определение факторов, воздействующих на потребительское поведение поколения Z, сравнительная оценка уровня скептицизма по отношению к рынку среди представителей различных поколений, установление причин формирования скептицизма по отношению к рынку среди представителей поколения Z, обзор существующих и возможных методов преодоления скептицизма представителей поколения Z, а также вынесение рекомендаций для делового сообщества касательно работы с потребителями, относящимся к поколению Z.</p> <p>Основными результатами работы являются: сравнительное определение уровня маркетингового скептицизма потребителей, оценка применимости теории поколений для анализа потребительского поведения, выявление особенностей скептицизма потребителей поколения Z, а также рекомендации для будущих исследований.</p>
Ключевые слова	Потребительское поведение, Теория поколений, Маркетинговый скептицизм, Поколение Z, Знание о маркетинговом воздействии

ABSTRACT

Master Student's Name	Aleksandr Ankudinov
Master Thesis Title	Market Skepticism as a Specific Trait of Consumer Behavior of Representatives of Generation Z
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Description of the goal, tasks and main results	<p>The main goal of the Master thesis is to define the peculiarities in consumer behavior of the representatives of Generation Z related to their market skepticism.</p> <p>The tasks of the thesis include: analysis of the existing literature in the field of consumer behavior of Generation Z, identifying the factors affecting consumer behavior of representatives of Generation Z, assessing a comparative level of market skepticism among representatives of several generational cohorts, defining the reasons for market skepticism among the representatives of Generation Z and identifying the methods companies are already using and might use in order to overcome consumer skepticism among the representatives of Generation Z.</p> <p>The main results of the work are: assessing the relevance of generational theory for studying consumer behavior, identifying comparative levels of market skepticism among consumers of different generational cohorts, defining the peculiarities of market skepticism of Generation Z, as well as recommendations for further research.</p>
Keywords	Consumer behavior, Generational theory, Market skepticism, Generation Z, Persuasion knowledge

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Introduction

Research Background and motivation

The concept of market orientation is not new for marketing management. For last few decades various academic experts introduced numbers of papers related to the concept – in our days it is one the central ideas for the marketing discipline (Gary F. Gebhardt, Gregory S. Carpenter and John F. Sherry Jr. 2006, pp. 37-38). As well, few would undermine an opinion stating that market orientation is one of the central goals and priorities for the companies working with direct consumers today. Both large corporations and smaller enterprises focus their attention on building strong relationships with their customers and aim to understand their needs. While the companies which are established market leaders in most cases benefit in consumer knowledge, those who lack understanding of market needs often fail to keep their leadership position (V. Kumar, E. Jones, R. Venkatesan, & Robert P. Leone 2011, p. 16).

The key basics of market orientation come from customer focus – an approach which stands for thorough understanding of consumers and conducting activities centered at customers in the first place. While businesses realize the potential that fast response to consumer needs holds, companies are constantly engaged in the process of researching the customers, identifying their needs and peculiarities of their behavior. Understanding the peculiarities of customer behavior on the market allows businesses to pursue strategic and operational steps that are more compelling for customers and thus more efficient for the business. What is more important, businesses understand the need to not only keep up with existing market trends but to make forecasts and catch the tendencies which are yet only to come into force – needs that exist among consumers' minds but are not presented in the form of a verbalized demand for now (Kohli and Jaworski 1990).

Many various factors affect the alterations within consumer behavior – the process is moving in a lot of directions causing both minor and major changes to the way companies are working with their consumers. Generational theory is an example of an academic theory which helps to conceptualize the directions in which consumers not only vary from each other but also change within time. Originally presented by William Strauss and Neil Howe this theory is to help us to understand the way major societal and historical events, as well as common development and progress levels affect the way people behave within the society. It was only logical for marketers and academic researchers to investigate the way generational theory might be implemented in order to explain the ways in which consumers change their behavior. It turned out that a large portion of various variables within consumer behavior might be explained by attributing consumers to a certain generational cohort and it might also be applied for forecasting

the alterations that for now are only to come into force. While the concept could not be employed as a single factor determining the complex nature of consumer behavior, attempts to make certain wider conclusions basing on it have been made by many academic researchers and representatives of a business society.

Recently, the theory became a popular subject for discussion of in terms of recent generations of consumer who are believed to disrupt the market. According to Goldman Sachs Generation of Millennials is considered to be the largest generation in history of consumption and currently is the most spending one as of today. General public, as well as academic and business society have all been the parts of the discussion which is aimed at understanding the ways these people are changing the market, businesses and existing models. Because of the fact that for now Millennials seem to be dominating the market, the discussion is not heavily concerned with Generation Z – the one that comes right after Millennials. However, specialist say that Generation Z is the next one to take the reins and, in fact, it might turn out to be even more unpredictable and disrupting (EY 2015). For now, we do not possess a large portion of information on how consumers of Generation Z differ from others and what is needed to be taken into consideration when targeting them. At the same time, according to the researchers, the representatives of this generation already present more than \$44 billion in purchasing power (“Activities of Kids and Teens,” Mintel Reports, November 2013).

Another particularly interesting factor that is one of the most interesting ones for the marketers and businesses and is expected to correlate with generational differences, is consumer skepticism. According to Deloitte, Millennials, as well as Generation Z are the most skeptical generations: they have low trust in businesses, economics, leaders and various platforms, for instance, social media (Deloitte Global Millennial Survey 2019). While specialists who aim to understand the peculiarities of consumer behavior and the ones who are to gain practical value from such understanding are becoming increasingly concerned with the phenomena of consumer skepticism it is important to highlight the fact that many traditional techniques of consumer persuasion need to be revised in the situation when more and more consumers are skeptical. Nonetheless, it raises a wider and a more complex matter of a matrix of interaction between consumers and businesses. The question is also of high importance for the businesses for the reason that functioning in a society cannot go on without responding to the needs of people who represent major parts of the society. In other words, raising skepticism might be a signal of major trust issues within the relationships of business and society. The relevance of further research is explored in detail throughout the following steps of this work. Nonetheless, to conclude this part we have to highlight the importance of studying the nature of consumer skepticism within Generation Z. We, as the researchers, are interested in exploring the phenomena, assessing its

importance and developing the recommendations both for future research in the area and for the specialists who are working with related subjects in practical environment.

Research gaps in existing consumer behavior studies

Generational theory was developed and popularized by Strauss and Howe in the 1990s. Nonetheless, through all the twentieth century academics all over the western world were contributing to studying generations and many preceding works are present. The first public attempt to tackle the question was performed by Karl Mannheim in his essay “The Problem of Generations” in 1923. By the end of the century generational theory became extremely widespread and highly popular within, at first, sociology and demographics and then within marketing, consumer behavior advertising studies.

As for today, existing literature provides us with substantial amount of information on the interconnection between consumer behavior and generational cohorts. At the same time, while extensive research has been conducted on Millennials by both businesses (BCG 2012; McKinsey 2016; Bain & Company 2017; Deloitte 2017, KPMG 2017; Deloitte 2018; Deloitte 2019) and academic researchers (Eddy S. W. Ng, Linda Schweitzer, Sean T. Lyons 2010; Madrigal Moreno, Flor & Gil Lafuente, Jaime & Avila, Fernando & Madrigal Moreno, Salvador 2017; Ordun, Guven 2015), Generation Z only started to come into the spotlight of researchers during last few years. This fact should not leave any questions because these years this generation is only starting to play a major role in consumption structure previously heavily occupied by Millennials and other generations. In recent years Deloitte has started to describe Generations Z within its Global Millennial Survey, aiming to gather a substantial scale of opinions of thousands of people who are considered to be a part of Generation Z. The international research also covers various aspects of economic views and behavioral patterns, including consumption. However, an extremely limited amount of information on Generation Z and their behavior in Russia is presented over the available researches. Several international organizations, including Forbes and Sparks & Honey refer to this generation in Russia. Notable researches on the subject of consumer behavior differences between various generational cohorts in Russia were conducted by Amato and Shevchenko in 2013, as well as by Maletin in 2017. More general researches on the topic of generational cohorts were conducted by Soldatova and Rasskazova in 2014; Shamis and Nikonov in 2016. However, none of these researches concentrate their attention entirely on Generation Z. As a matter of fact, many studies were conducted during the period of time when generational theory just entered Russian academia and was highly popularized – long time before Generation Z could participate in any sort of studies regarding their consumer behavior. It is important to highlight the fact that, despite the certainty that generational cohorts are generally assumed to be global, each society has its own

cultural and historical background which does not allow us see the representatives of one generational cohort in different countries as people with same generational influence – while many common characteristics might be more or less universal, if we decide to dive into the peculiarities of consumer behavior we should perceive every single society as a unique one, especially if we are to discuss the societies which are different in their very core – for instance, Western Europe and Russia. All in all, it might be concluded that Generation Z is poorly investigated in the realities of our country. Moreover, their consumer behavior is a question that has barely been explored yet. The current study aims to fill this gap and provide both businesses and academia with data on the subject we are discussing.

Our work is, in fact, concerned with a certain characteristic of Generation Z rather than with generational theory as a whole. While the theoretical aspects definitely need clarifications, we are particularly discussing market skepticism as a phenomenon. In general, skepticism refers to a person's tendency to doubt, disbelieve, and question (e.g., Boush, Friestad, & Rose, 1994; Forehand & Grier, 2003). Consumers' attitudes towards business, marketing and advertising have been researched throughout the second half of twentieth century soon after marketing established itself as an institution (Barksdale & Darden, 1972; Gaski & Etzel, 1986; Muehling, 1987; Andrews, 1989). As it will be explored in detail further in this work, consumer skepticism is a derivative from persuasion knowledge of consumers: both concepts describe affective and cognitive structures within the consumers and describe the process in which a consumer is considering themselves to get familiar and substantially alerted on how marketers or businesses in whole might affect their thoughts and actions, as well as react to that – for instance, by becoming skeptical about the market or its particular components as in case of advertising skepticism. Existing research on the role of persuasion knowledge in consumer response to marketing stimuli embraces a wide range of marketing tools used in the field of advertising (Jewell, B., 2007), pricing (Hardesty et al., 2007), public relations (Foreh, G., 2003), interpersonal selling (Williams et al., 2004), brand management (Van H., Pieters, 2012), retail marketing (Lunardo, M., 2013) and others. Given the fact that today market skepticism is believed to be on the rise the subject regularly comes into the spotlight of consumers (Kasriel-Alexander, 2016). However, the issue is in most cases discussed through the perspective of persuasion knowledge. While in terms of structure it is, in fact, a particular aspect of abovementioned, there is a substantial need to explore the nature of the phenomena separately as the construct is large and complex. In Russia studies on persuasion knowledge which incorporate an issue of consumer skepticism were also performed (Golovacheva, 2016; Golovacheva, Smirnova, 2017). All in all, despite being popular with researchers, the subject is still underexplored and lacks domestic investigation in Russia. A clear research gap exists within market skepticism in Russia and our researched is focused on filling it.

As for market skepticism of Generation Z it can be stated that the topic is barely explored yet – we did not manage to find major relevant investigation on both factors affecting consumer behavior (generational cohort distribution and market skepticism) altogether in Russia. While popular web resources provide us with articles stating the question and raising its importance, no empirical studies seems to be conducted in our country. To conclude, we might say that an interconnection between generational cohort and market skepticism is heavily undiscovered presenting only general statements in Russian realities. For that reason, we consider an attempt to fill this gap a relevant decision.

Research problem, goal and questions

Consequently, it is of high relevance and importance to study the problem of consumer behavior of those representatives of Generation Z who express high volumes of market skepticism in order to study the reasons for such behavior and the outcomes it presents for those who are concerned with marketing and especially consumer behavior studies. This research aims to fill a gap in understanding consumer behavior in Generation Z regarding its market skepticism.

Research goal, therefore, is to define the peculiarities in consumer behavior of the representatives of Generation Z related to their market skepticism in order to present observations followed up by identifying of possible marketing strategies regarding such consumers.

Several research questions basing on our problematics are formulated as following:

1. Are representatives of Generation Z, in general, more skeptical towards the market and marketing activities of the companies than representatives of other generational cohorts: Millennial, Generation X and Baby Boomers?
2. What are the reasons for market skepticism among the representatives of Generation Z?
3. What are the ways in which consumers of Generation Z express their market skepticism?
4. What are the ways for the companies to combat market skepticism among the consumers which belong to Generation Z or develop strategies of coping with their behavior?

Accordingly, the following research tasks have been formulated:

1. To define the peculiarities of consumer behavior of representatives of Generation Z;
2. To identify the factors affecting consumer behavior of representatives of Generation Z;

3. To assess a comparative level of market skepticism among representatives of Generation Z;
4. To determine the relationship between affiliation with a certain generational cohort and the level of market skepticism of the consumers;
5. To define the reasons for market skepticism among the representatives of Generation Z;
6. To identify market skeptical groups of Generation Z and the differences of their consumer behavior;
7. To identify the methods companies are already using and might use in order to overcome consumer skepticism among the representatives of Generation Z;
8. To offer practical recommendations for the business society on how to work with the consumers belonging to Generation Z in their marketing strategy.

Representatives of Generation Z perform as an object of this study while consumer behavior related to their marketing skepticism is perceived as a subject of the study.

Several hypotheses have been formulated according to the research problem identified:

H1: Generation Z is more market skeptical than other generational cohorts.

A: Generation Z is more market skeptical than Generation Y.

B: Generation Z is more market skeptical than Generation X.

H2: Generation Z has a higher level of persuasion knowledge than other generational cohorts.

A: Generation Z has a higher level of persuasion knowledge than Generation Y.

B: Generation Z has a higher level of persuasion knowledge than Generation X.

H3: Generation Z is more market literate than other generational cohorts.

A: Generation Z is more market literate than Generation Y.

B: Generation Z is more market literate than Generation X.

H4: Indirect persuasion techniques are more efficient for enforcing consumer trust of Generation Z than traditional methods.

A: Social networks are a more efficient channel for enforcing consumer trust of Generation Z than official sources of a brands.

B: Review platforms are a more efficient channel for enforcing consumer trust of Generation Z than official sources of a brands.

C: Word of Mouth is a more efficient channel for enforcing consumer trust of Generation Z than official sources of a brands.

Research strategy and organization of study

This research is exploratory in its nature since it aims to reveal relevant insights and explain previously undiscovered phenomena rather than to provide an ultimate statistical analysis. On the other hand, it is formal and aims to high structuration. Thus, theoretical framework of the research is constructed upon the analysis of such concepts as persuasion knowledge and market skepticism, as well as generational theory. The researchers are to combine multiple approaches in order to derive insights on the peculiarities of consumer behavior of Generation Z. After exploring the theoretic backgrounds, we are to narrow the subject by discovering existing data on Generation Z and their market skepticism. The research also pays attention to an analysis of existing research regarding the topic in Russia.

Besides secondary data, this study aims to gather empirical evidence of the phenomena so that the researches could be able to fill the research gap and present practically approved information derived from several sources. It was decided that online consumer study would serve as one of the methods for the reason that it offers a possibility to test the interconnection between generational cohorts and according levels of market skepticism, as well as to compare the data gathered for few generations. While quantitative research methods do not allow us to make thorough conclusions on the reasons for particular consumer behavior and are superficial when describing the nature of the phenomena related to psychological and sociological issues rather than pure statistics, we have decided to employ mixed method research approach. Online consumer poll is followed by a series of interviews of those consumers who express high levels of market skepticism and might be considered as representatives of Generation Z as this study is concerned with according groups of customers. Then, a series of expert interviews is presented for the reason that the researchers would be interested in exploring a different side of the process – the companies working with consumers who might be attributed to Generation Z. We are particularly interested in their understanding of the situation and current mechanisms companies employ in order work with such consumers.

We hope that the chosen mixed method approach allows to discover the complexity of the phenomena in as much details as it possible within the framework of our study. Practical recommendations, offerings for further investigation and limitations of the research are also present within this work.

The current work is constructed within three parts. The first one reveals theoretical background of the study and aims to analyze existing research on the subject as well as secondary data. The

second chapter presents the structure of an empirical research. The last chapter presents the findings obtained by an empirical study, provides recommendations and observe the hypotheses.

Chapter 1

1.1 Implications of generational theory for consumer behavior studies

Despite the fact that first attempts to tackle an issue of the differences between generations were conducted in early twentieth century (Mannheim, 1923), generation theory has been formulated and widely popularized as a comprehensive academic concept in the 1990s by Strauss and Howe. Mannheim's attempts to develop a generational theory focused on the impact of culture and historical events, which in turn affects generations that change in reaction to their social climate. Mannheim's theory can be summed up by the idea that people look more like the times they witness than they like their parents (McCrimdell, 2007). Mannheim was criticized because of his failure to describe cultural influence on generational cohorts - it is obvious that, especially in the times of Cold war, people could be viewed as significantly different individuals depending on their cultural mindset in terms of their experience. By that we mean that a Soviet citizen had a set of values that was very different from one that an American citizen possessed. The researcher omitted an importance of culture unintentionally: Mannheim could not research other civilizations other than Western one. Today, however, we live in a globalized world. After the essay was translated into English in 1952 the phenomena started to develop increasingly among the works of many researchers. Norman Ryder, a renowned American sociologist developed these attempts to generalize individuals according to their age and thus formulate a new independent variable in social change. Nonetheless, his view on the problem was very different from what was finally recognized as generational theory and early developments by Karl Mannheim. While Strauss and Howe fail to address critics, who state that generational cohorts should take race, geographical location and level of education, Norman Ryder implied that all these and other factors should as well be considered when generational cohorts are being discussed. Another famous sociologist Morris Massey stated that people of the same generational cohorts are likely to share same values for the reason that they all witness a certain state of the surrounding world and society they live in when they grow up as personalities. The process of acquiring those values was called "value programming" while "value systems" are believed to be a set of values that were already acquired by an individual. Finally, Massey identified a generation of Baby Boomers – the first post-war generational cohort.

Soon after the first attempts to develop the theory, major attempts to conceptualize the knowledge were conducted. For instance, Arthur Schlesinger Jr is assumed to be the first academic historian who invented the cycle approach to the generational theory (Schlesinger A., *The Cycles of American History*, 1986). Cycle approach assumes that generations share different values and experience but on the other hand the process is expected to be predictable to a certain extent: generations exchange their traits and finally reproduce those traits after a certain number of cycles.

Despite the fact that each generation accounts for their unique experience and traits, the most general characteristics might be unified for those generations who are on the same stage of each new cycle. In their theory, Strauss and Howe refer to the findings obtained by Scheslinger. For instance, they calculate the generation cycles from an achievement of independence by USA – Generation X is assumed to be 13th generation, Y, which is known as Millennials, is considered to be 14th and Generation Z – 14th one. Besides, they also incorporate constructs and theoretical assumptions cared by Spanish philosophers José Ortega Y Gasset and Julián Marías as well as the findings of Anthony Esler (Esler A., *The Human Venture*, 2004). At the same time, certain attempts to develop a generational theory that would be widely applicable to not only USA, but other societies have been made by such European scientists as Pierre Bourdieu, Julius Peterson, and Willhelm Pinder. To sum up, the theory postulates that individuals born and raised in the same historical period are influenced by shared formative interactions and thereby acquire distinctive characteristics of culture, beliefs and temperament that vary from certain generations or cohorts. The term generation is defined as a group which is: (1) has common personalities and values in the same age cohort (Duh & Struwig, 2015) (2) (Codrington, 2008) and (3) has no direct connection with genealogy or lineage (Duh & Struwig, 2015; Littrell, Jin Ma, & Halepete, 2005; Papenhausen, 2009). W Strauss & Howe (1991) describes a recurring cycle of age cohorts called 'generations' with specific behavioral patterns that are considered to be intertwined with the American history. According to this theory, the cohorts are broken down with a gap of 20-25 years between each generation based on their year of birth (Strauss & Howe, 1991). Soon after their original theory it was approbated for studying other societies.

After the rise of Western research into the topic, Russian academic specialists began to explore the theory applied to the Russian realities. The first Russian study of generations was conducted by a group of young scholars under the leadership of Y. Shamis in 2003. A large number of researches have appeared since then devoted to this topic. Some of them to note are Soldatova G., Rasskazova E. 2014; Shamis E., Nikonov E. 2016; Shanin Teodor; Lumpieva T.; and couple of authors who studied particularly consumer behavior of different generations in Russia are Amato S.; Shevchenko D. 2013 and others (Maletin S.S. 2017).

The hypothesis of generational cohorts is used to aggregate individuals born in similar years and propose possible actions centered on mutual beliefs. Most major researchers explain that generations do not entirely depend on person's age and does not, in fact, refer to demographical characteristics. The explanation is as follows: generational cohorts are shaped by collective experience of people who are attributed to a certain cohort and are believed to share common values to a certain extent (Schewe and Meredith, 2004). Moreover, Schewe and Meredith describe cohorts as individuals raised around the same time span, moving together through life; and

therefore, encounter related adverse occurrences in their late teens and early adulthood. While some values might be reviewed over life cycles, they are expected to be still be influential. For that reason, a person is attributed to a certain generational cohort basing on the period of time in which they were born – not their age. The characteristic is constant meaning that no person changes their generational cohort with any periods of time. The distinguishing moments encountered by these communities affect beliefs, behaviors, desires, aspirations and purchasing behaviors; as a result, these influences stay consistent over the lifespan of the individual and form a generational heritage (Jackson et al., 2010; Schewe and Meredith, 2004). Thus, it is important to highlight the difference between generational cohorts and a basic demographical characteristic of age.

The linkage between major events and their outcomes for certain generations and the whole society might be found elsewhere. For instance, popular works on the effect of Great Depression on American's orientations towards job and on reasons of a fast rise of same-sex marriage have been made in US through the prism of generation theory. However, practical side of the matter urges the marketers to find an answer to their own questions. The theory may not only explain the difference between generations but also help the marketers to find an appropriate communication channel, content of the message for different generational cohorts. As seen in the generational theory, consumer's behavior is seen to differ between cohorts born in different generations. Moreover, it is capable of explaining deep and complex patterns of consumer behavior. The reason for that is based on the fact that many researchers managed to prove that a significant linkage between generational cohorts and various aspects of consumer behavior exists. For instance, it might be connected to shopping behavior, purchasing behavior, views of marketing and consumerism, skepticism towards advertising, green practices and cause-related marketing practices.

Moreover, Smith and Clurman (2010) stress that understanding generation's values and motivations has become essential for targeting specific consumers, as each generation is driven by unique ideas about the type of lifestyle to which they aspire. Segmentation and targeting are thus another two practical areas to which generational theory might be applied. There is no wonder that any attempt to generalize consumers and attribute them to a certain group might provide benefits for marketers struggling to find the most efficient and cheap way to divide their consumers between various segments. Even though the theory is not capable of providing thorough and accurate implications of individuals for marketers for the reason that it accounts only for major categories as value set, it might create value from presenting insights on representatives of each cohort. Such data should be taken into consideration and is in that case capable of developing a benefit for those who aim to work with final consumers. Understanding the effect of consumer behavior dynamics on market offerings and appropriate marketing mix strategies have also been

stressed as important implications of generational theory for marketing and consumer behavior studies (Ting et al., 2018; White & Simpson, 2013; Chaney et al., 2017).

Although researches generally agree on the characteristics attributed to individuals representing certain generational cohorts, the science does not see an agreement on exact distinct lines between different generational cohorts regarding time frames. This happens for a reason that generational theory is not provided with hard criteria which would help academics to differentiate between the cohorts. We are informed that, in general, a cycle for each generational cohort lasts for 20-25 years. However, no clear sign that new cycle starts is existent. For instance, the following generational cohorts are defined by Quester et al. (2007): Baby Boomers, born between 1946 and 1964, Generation X, born between 1965 and 1976, Generation Y, born between 1977 and 1994 and Generation Z which is believed to originate from 1995. On the other hand, many academics, as well as business researchers, have their own vision of these timeframes. For instance, the community studying generations, in fact, cannot agree whether Generation Z starts from as early as from 1995th or only from 2000th. In this research we are choosing one of the scales that is established in business society and was supported by researchers of McKinsey&Company.

	<i>Baby Boomer</i> 1940-1959	<i>Generation X</i> 1960-1979	<i>Generation Y</i> (<i>Millennial</i>) 1980-1994	<i>Generation Z</i> 1995-2010
Context	Postwar; dictatorship and political repressions	Political transition; capitalism and meritocracy domination	Globalization; economic stability; emergence of internet	Mobility and multiple realities; social networks; digital natives
Behavior	Idealism; revolutionary; collectivist	Materialistic; competitive; individualistic	Globalist; questioning; oriented to self	Undefined ID; communaholic; dialoguer; realistic
Consumption	Ideology; vinyl and movies	Status; brands and cars; luxury articles	Experience; festivals and travel; flagships	Uniqueness; unlimited; ethical

Figure 1. General overview of generational cohorts. McKinsey&Company.

According to this scale several generational cohorts are identified. Baby boomers, born in the period between 1940 and 1959, were engulfed in the background of post-World War II and are

better described as a manifestation of politics through intake. Generation X representatives (born in the period between 1960 and 1979) consumed power, while perceptions were consumed by millennials (born in the period between 1980 and 1994).

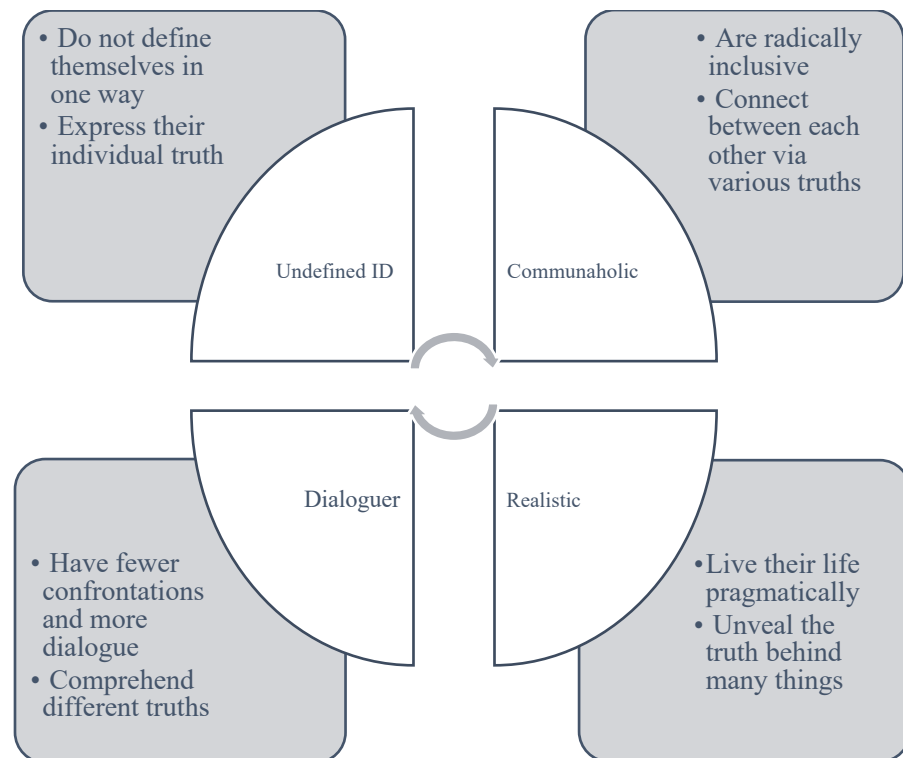


Figure 2. General overview of Generation Z. McKinsey&Company.

As the study shows, the key impetus to consumption for Generation Z is the quest for reality in both personal and common context. This generation is feeling comfortable not having just one way to be themselves. Their quest for legitimacy contributes to greater freedom of speech and greater accessibility to knowing various styles of individuals. This more pragmatic and realistic consumer generation expects a broad spectrum of information to be accessed and evaluated before purchases. Generation Z representatives not only analyze what they consume but also the actual process of purchase. Consumption has assumed a different value. For Generation Z — and particularly for older generations too — consumption implies getting exposure to, though not actually possessing, goods or services. As access becomes the new form of consumption, there is value created by unlimited access to goods and services (such as car-riding, video streaming, and subscription). Products become services, and they connect consumers with services. As collective usage gathers momentum, people often tend to see it as a means to produce additional income in the "gig economy." Another element of the gig economy includes customers who take advantage of their current partnerships with firms by briefly working with them to generate

additional income (McKinsey 2016). Any businesses also have the consequences on board. The researchers are providing us with an example of car manufacturers who see their industry and traditional business model reversed: today a company might sell one car 1,000 times instead of selling 1,000 cars because many people do not tend to aspire for actual possessing of goods anymore. Consumer behavior of the representatives of Generation Z also affects other generational cohorts for the reason that new models of consumption increasingly become new standards.

Another interesting notion on Generation Z might be derived from their aspiration for unique experience. Consequently, consumption has now become a form of self-expression for Generation Z — as compared, for example, to purchasing or carrying products to suit within group norms. Driven by Generation Z and millennials, all customers are not only hungry for more customized goods through generations, but increasingly able to pay a premium for items that reflect their uniqueness (McKinsey 2017). Also, this uniqueness is based on, what is called in our research, vague identity: 48 percent of the representatives of Generation Z but only 38 percent of other generations of consumers — said that they value brands that do not classify items as male or female.

Moreover, this overwhelming desire for unique experience over the consumers make businesses think of changing their models drastically. Companies focusing on consumers have been realizing gains through economies of scale for decades as for today. Now they might have to accept a two-track model: one for scale and mass consumption, the other for customization catering to specific consumer groups or to the most loyal consumers. In this scenario, more agility and flexibility would be required not only for marketing but also for the supply chain and manufacturing processes.

The next important outcome is highlighting the importance of ethics within businesses. Brands are expected to “take a stand” – choose a subject that is important for them and correlates with their core values as well as brand identity, and act. Consumers of Generation Z expect to see particular acts which they consider important for society rather than politically correct position on a large range of questions. As the research notes, it affects all the stakeholders of a business since in a transparent world consumer do not distinguish between brands, companies who own them, their producers and manufacturers. All the value chain is under affect.

Finally, as we are approaching to the question which served as a basis of our work, we would like to discuss the question of knowledge possession. McKinsey’s research shows that most representatives of Generation Z are, in fact, extremely well-educated regarding the products and the facts behind them. If they do not possess a sufficient amount of information, they know how to navigate knowledge and are capable of easily establishing a point of view. While consumers of Generation Z are increasingly educated, it might also be connected to their higher persuasion

knowledge which serve as a ground basis for market skepticism. According to the data from Deloitte, whose Global Millennial Survey 2019 investigated more than 13,000 Millennials from 42 countries and over 3,000 representatives of Generation Z from 10 countries, they both are pessimistic about social and political development, show strong distrust towards social media and increasingly suppose that companies harm the society. Only 24% of consumers of Generation Z show trust in business leaders and traditional media enjoys only 30% of trust rating.

1.2 Consumer behavior and its peculiarities regarding Generation Z

According to Peter F. Drucker the very aim of marketing is to understand the consumers. As he elaborates, in case marketers know their customer very well, the whole marketing process would be simplified for the reason that a product or a service would find their own way to a consumer in a simple manner. In general, consumer behavior studies are a broadly studied field which aims to explore why, where, when and how people make buying decisions or, on contrary, refuse to consume some product or service. Besides, consumer behavior as an object of academic research is interconnected with several related disciplines – psychology, economics and behavioral economics, sociology and social anthropology among others. Consumer behavior studies usually focus their attention on exploring characteristics and variables with groups of people but might also take individual or abstract decisions into account. According to the earlier researchers of the field, Schiffman and Kanuk, consumer behavior might be explained as the behavior of searching for, evaluating, acquiring and disposing of a product or service which is expected to satisfy their needs (Schiffman, Kanuk, 1987, p. 6). Other researchers highlighted the fact that consumer behavior studies are of high importance and relevance for practical solutions – marketers need it in order to understand buying decisions of their consumers and forecast the changes within such behavior (Aaker, David and George, 1971). As authors stress, marketing benefits from studying consumer behavior partially because such research provides them with an opportunity to make forecasts on future market trends - after the customized behavior study, it is possible to anticipate future patterns (Kumar, John, & Senith, 2014).

More recent works in this field revealed that consumer behavior is not limited entirely to behavior related to acquisition of physical goods. For instance, information might perform as part of a consumption process. Moreover, consumer behavior is also concerned with the ways customers use and dispose products, as well as services, ideas and experiences. All in all, consumer behavior includes all consumer activities related to the usage, purchase and disposal of services and products including consumer mental, behavioral and emotional responses which decide, accompany or precede certain activities (Loudon and Della, 1988). Such definition means that consumption looks more like a constant process which incorporates many activities each of us conduct on a daily basis starting with making a search inquiry or getting a cup of coffee. The idea is getting even more relevant when we aim to discuss consumer behavior of Generation Z who saw themselves in a postmodern society from the very beginning. Today every area of social life that previously has not been presented on the market, function there. Consumption, therefore, is not only the basis of economics but also the ground for a current state of our society. For these reasons this paragraph is concerned with revealing general structure of consumer behavior as a discipline, highlighting particular parts of it which would be relevant for the sake of this work and

explaining what aspects of consumer behavior become especially important for studying Generation Z.

First of all, we would have to dive into the key element of consumer behavior which is defined as the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services to satisfy their needs and desires (Belch, 1998). While the mechanism, along with the internal and external variables, that influence the decision-making process will differ from each person to situational level, the analysis of customer behavior aims to draw certain generalizations. Consumer's big decisions include what they buy (products and services), how much they buy (quantity), where they buy (place), when they buy (time) and how they buy (time). Academic researchers provided us with various models describing the process of purchase decision. One of the earliest models which was proposed by Andreason (1965) and acknowledges the value of knowledge in the customer decision-making cycle and stresses the significance of consumer expectations even if perceptions toward repeat purchasing behavior are not recognized. All knowledge collection methods are screened and combined with particular behavioral factors such as perception, expectations, beliefs etc.

Bettman's information processing model (1979) describes a consumer as an individual with limited capacity for processing information. Via seven major stages the author conceptualizes a vision which tells that consumers rarely pay sufficient attention to analyzing different options when making a purchase decision. The person's attention is based on goal hierarchy of a consumer, as well as hierarchy of needs and motivation structure. This particular model, presented below, is particularly interesting for us since it explains the relationship between lack of attention and purchase decision persuasion. We suppose that according processes take place in a situation when

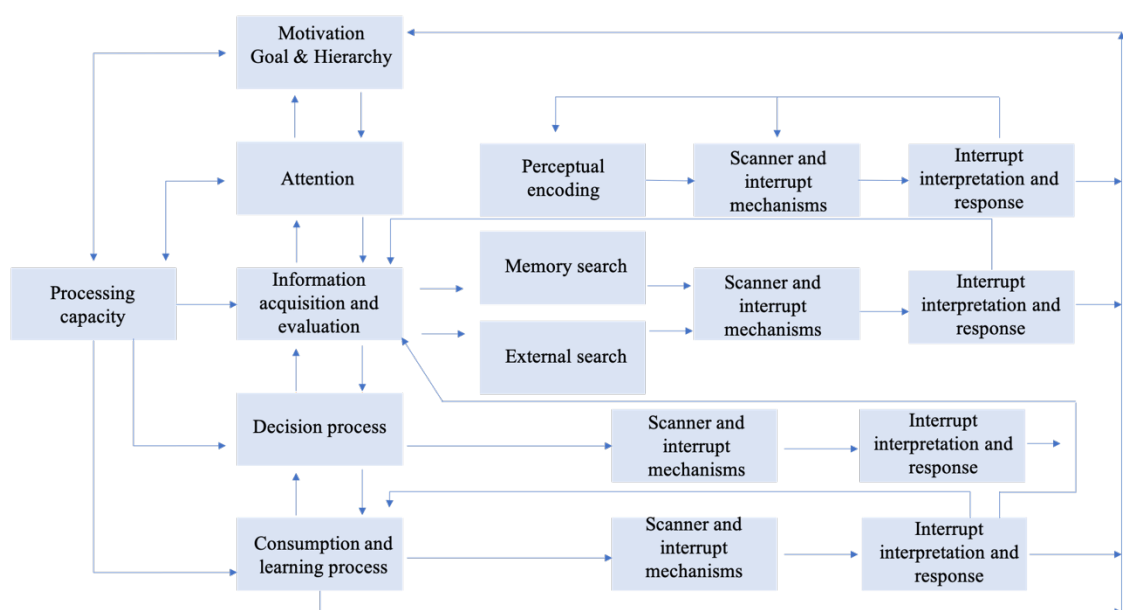


Figure 3. Bettman's Information-Processing Model of Consumer Choice

consumer lacks interest, not only capacity for processing information. Such situation might take place when consumers are skeptical of activities going on the market. A perceived confidence in negative nature of the market consequently born loose of attention to activities that are taking place there.

Sheth-Newman gross model of consumption values is another particularly interesting one for the purpose of this research as it describes consumption values which are believed to influence consumption: functional, conditional, social, emotional and epistemic. Each consumption value is developed through close disciplines contributing to the theory (Sheth et al. 1991). We expect that generational aspects of consumer behavior among representatives of Generation Z are deeply interconnected with their value set – especially, emotional and social value.

Nonetheless, Sheth-Newman gross model is simplified for the reason that it only focuses on values omitting other components of consumer behavior. Thus, we will take certain implications of the model into consideration while analyzing consumer behavior of Generation Z further but on the other hand for now we will explore the most quoted and renowned model of purchase decision so that we could identify the factors which might be dependent on generational aspects. The model is an integrative model that incorporates several facets of customer behavior; it ties together the different constructs / variables that can affect the decision-making process and describes their interaction which contributes to a purchasing decision. Howard-Sheth model of purchase behavior is an extensive theory of buying behavior which emerges as a result of empirical research (Horton, 1984) and suggests an existence of three levels of decision making.

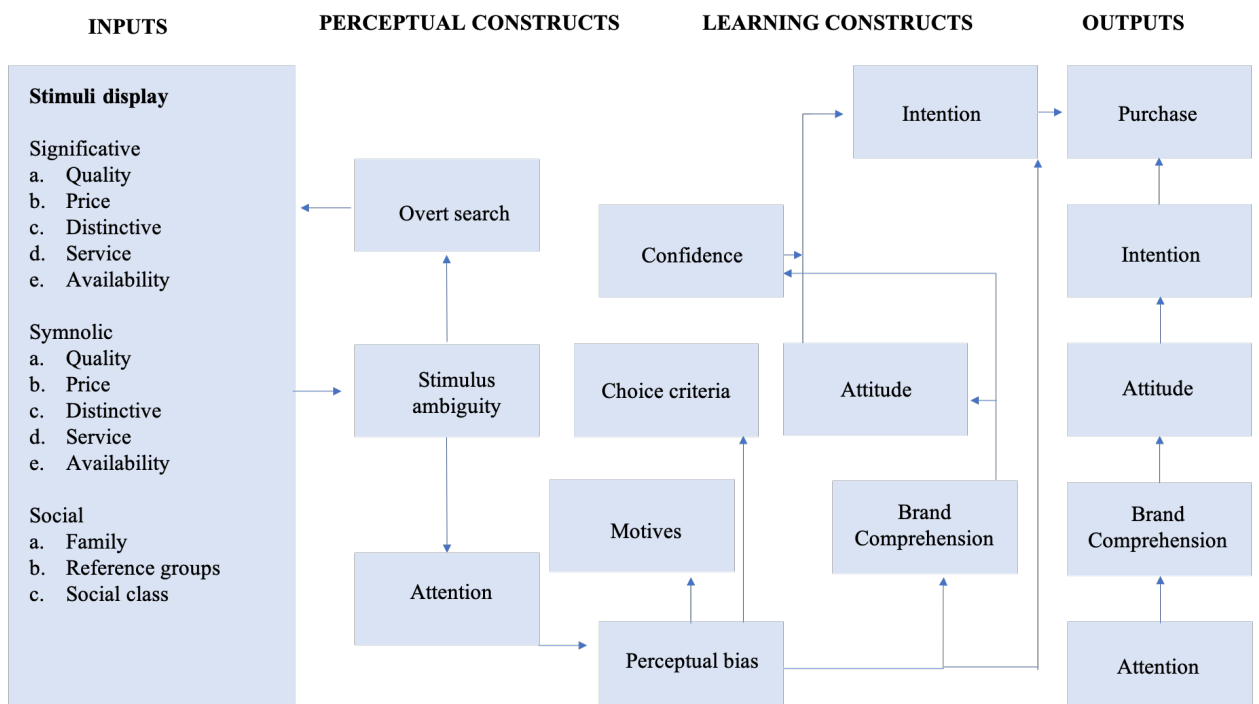


Figure 4. A Simplified Description of the Theory of Buyer Behavior

- 1) The first level represents the thorough solving of problems. At this point a consumer has no specific brand details or awareness and has no expectations or preferences over the products. In this case, before buying, the customer would search for details about all the various products in the industry.
- 2) The second level is limited problem-solving. This condition persists with buyers who have no business awareness, or limited information of what they want to purchase. Some comparative brand information is sought to arrive at a mark preference.
- 3) The third level is a habitual response behaviour. The consumer is well versed about the different brands at this level and they can differentiate between the characteristics of each product, therefore they decide to buy a particular product.

There are four broad sets of variables according to the Howard-Sheth model:

- a. Inputs: three input variables altogether construct stimuli. The first one is significant stimuli that represents information on a brand, its physical qualities and characteristics which comes in the form of product or actual brand information. The next one is symbolic and represents visual and verbal characteristics of a product. Finally, the third type of stimuli is provided by the social environment of a consumer – that might be family, reference group, social group or society.
- b. Perceptual and learning constructs: the central aspect of the model discusses the psychological factors involved when the customer is making a choice. Any of the variables are perceptual in nature and are concerned about how the user absorbs and recognizes the input stimuli and certain aspects of the model details. Perceptual bias happens when the user distorts the obtained knowledge, so it matches his or her existing desires or experience. Learning builds the definition, customer expectations, brand knowledge, alternate assessment requirements, priorities and buying intentions are all included.
- c. Outputs: the outputs are the effects of the variables of experience and learning, and how customers can react to those variables (attention, brand awareness, attitudes, and intent).
- d. External (exogenous) variables: exogenous factors are not explicitly a component of the phase of decision taking. Any important exogenous variables also include the value of purchasing, characteristics of customer temperament, ethnicity, and time constraint. The decision-making method, which Howard-Sheth model describes, exists at three stages of Inputs: Significance, Symbolic and Social stimuli. The model places emphasis on material aspects such as price and quality in both significant and symbolic stimuli.

Such stimuli don't belong in every culture. Whilst the model does not address the social stimulus basis of decision-making in this stimulus, such as what influence the family decision? This may differ from one society to another. Finally, no direct relation has been drawn on the role of religion in influencing the decision-making processes of the consumer. Religion was treated as an abstract force without any clear impact on the consumer, which gives the model an apparent flaw in predicting the customer decision.

The theories explained above helped us to construct a thorough theoretical approach to the nature of consumer behavior and, especially, purchase decision. These materials are relevant in order to discuss the way Generation Z – a generational cohort which is believed to account for 33% of world's population according Sparks & Honey, is expressing consumer behavior patterns which sometimes do not fit into traditional understanding of consumers and their decision making. As it was stated before, we do not possess a lot of information on the subject since empirical research in this field has only started few years ago. Still, business resources, as well as academic researchers try to tackle this issue. For instance, Business Insider has recently published a report on shopping behavior of Generation Z. The report was based on a quantitative research of representatives of this generational cohort and provides us with valuable insights (Business Insider, 2020):

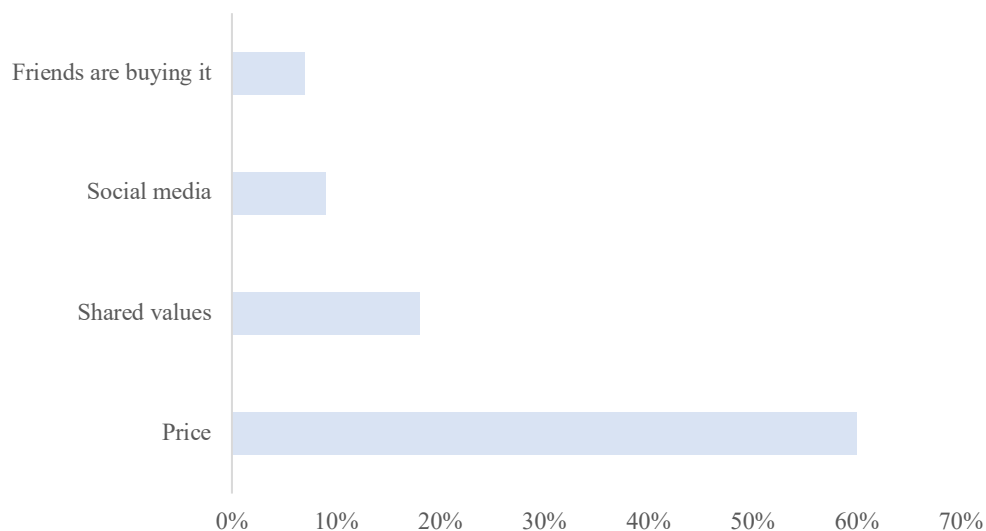


Figure 5. Main factors for buying products for Generation Z. Business Insider

1. Generation Z aims to be unique. While previously brands were an important attribute of shopping behavior, recent data shows that, in fact, for Generation Z it might be very different. Actually, labels did not make it up to top four factors which they are considering while making a purchase decision, according to self-assessment. Given the

fact that lack of loyalty towards brands does not inherently signal us of market skepticism, it still is interesting to assess Generation Z relationships with brands.

2. The representatives of Generation Z feel pressure related to acquiring new products more than any previous generation because of the fact that they were raised in an environment which frequently put them into close connection with social media and constant peer review.
3. Generation Z increasingly cares about the price for the products they acquire. While the study does not to examine the possible reasons for such behavior (lack of financial security, distrust towards organizations or a personal position) there is no evidence of Generation Z being in poorer financial condition than other generations. As Jason Dorsey, a Gen Z consultant and researcher told, representatives of this generation are very pragmatic and search for increased value.

1.3 Market skepticism as a specific characteristic of consumer behavior and Generation Z

Consumer skepticism is an integrative characteristic of consumer behavior which correlates with and function as a derivative from several constructs within this field: consumer persuasion knowledge and consumer savvy. The latest incorporates the knowledge consumers possess on marketing, online and interpersonal network competencies, technological awareness, as well as consumers' expectations. Consumer savvy is related to skepticism in a following manner: consumers have certain beliefs and knowledge basis which form their perception towards marketing and, as well, marketing persuasion. While there is no clear scale which would attribute more or less savvy consumers to more or less skeptical groups, it is important for further analysis of the phenomena – are consumers skeptical for the reason that they possess a high level of marketing literacy or because they lack abovementioned? Studies show that the relationship is not that simple – subgroups of skeptical consumers might be derived basing on their marketing literacy (Golovacheva, Smirnova, 2017). At the same time, it is important for the researchers to understand the reasons for market skepticism among such consumers and explore each subgroup individually.

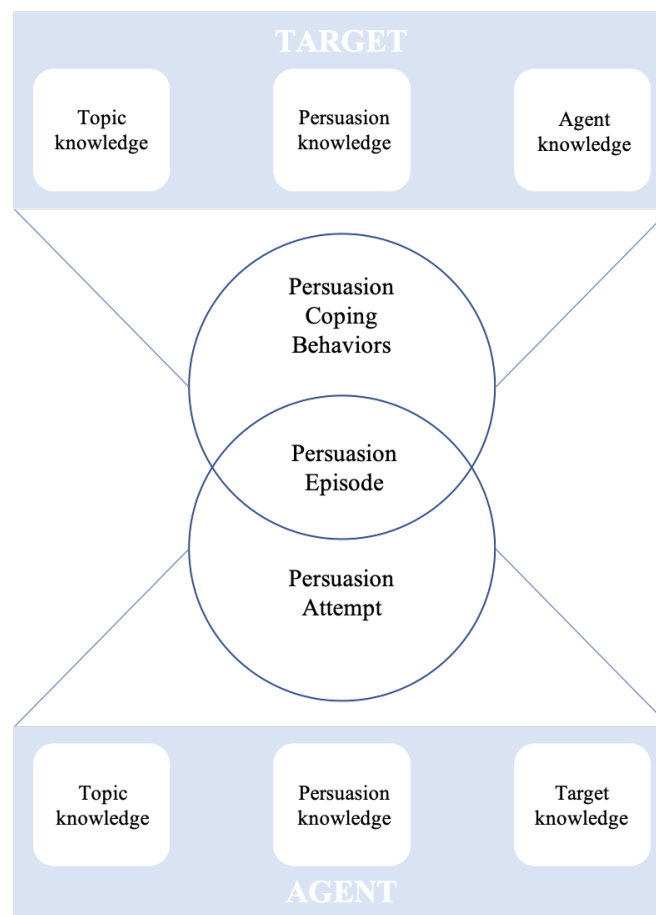


Figure 6. Friestad's & Wright's consumer persuasion knowledge model

Consumer persuasion knowledge, on the other hand, relates to sets of personal beliefs regarding marketing, pricing, advertisement, etc. and explores personal opinions on marketing persuasion. Consequently, marketing persuasion refers to a specific company's behavior which aims to introduce alterations to consumer's conscience and behavior by using various marketing instruments. The theoretical construct of consumer persuasion knowledge was originally introduced by M. Friestad and P. Wright in 1994 (Friestad, Wright, 1994) and includes consumers' knowledge regarding marketing persuasion, psychological processes behind it, goals of such persuasion, efficiency and admissibility. These beliefs are, in general, a result of a consumer's personal experience and opinions rather than professional expertise (Wright, 2002). In fact, it is a product of a consumer's personal experience. For instance, a consumer who once bought a food product of poor quality might perform several types of reactions. All the reactions which stay in their personal experience, refer to marketing techniques linked to that purchase and might affect further consumer behavior in a form of established information, certainty or belief in marketer's attempts to sell products only of poor quality would be considered as parts of their persuasion knowledge. Another way for the development of consumers' persuasion knowledge is an external method. Most consumers are constantly in the middle of a communication process which gives them messages regarding the market and the ways it functions. The given information might not always be correct – as we will explore further, consumers' attitudes are the main relevant key factor for the concept. While persuasion knowledge of consumers should not be treated as a negative factor, marketers need to understand the nature of processes which encounter their consumers so that marketing could be more efficient. Nonetheless, consumer skepticism is not only an alarming phenomenon related to persuasion knowledge but a very fast-growing one. As Euromonitor International notes, growing numbers of market skeptical consumers is one of the major tendencies that exist on the market (Kasriel-Alexander, 2016).

Perceived characteristics, in fact, are more relevant for the consumers than actual qualities a product possesses (Zeithaml, 1988). According to their knowledge consumers react to certain marketing aspects in different ways. One of such reactions is considered to be market skepticism – a trait of consumers who are less loyal towards the brands, feel easy about switching products and brands searching the one that is most appealing to their needs, are able and willing to compare various options as well as analyze them. On the other hand, we cannot say that the relationship between two terms is as easy as “high levels of consumers' persuasion knowledge give birth to market skepticism”. As M. Isaac and K. Grayson note, accessing consumer knowledge might lead consumers to see a particular persuasive message for a product or a brand as being more credible (Isaac, Grayson, 2017). Causal link between persuasion knowledge and skepticism can operate in either direction. Research has shown, on the one hand, that customers who were persuaded or

otherwise prepared to accede to awareness of persuasion are ultimately more likely to obtain details on when and why they would be suspicious regarding attempts at persuasion (Wentzel, Tomczak, Herrmann 2010, 514). A positive remark from a salesperson, for example, can cause a customer to access awareness of persuasion attempts, remember his perception that salespersons sometimes use false flattery to promote transactions, and then distrust the salesperson and disbelieve the compliment (Campbell, Kirmani, 2000; Russell, 2002). In the other side, work has also shown that an increase in customer skepticism may contribute to an increased probability of information access to persuasion (Campbell, Kirmani, 2000). For example, a customer who is prepared to be more cautious is likely to be more suspicious, which raises the probability that she can reach awareness of persuasion in reaction to an attempt at persuasion (Kirmani, 2000).

According to the authors, the key role of awareness of persuasion is not specifically to promote skepticism as consumers understand that they are the object of an attempted persuasion, but more broadly to help consumers collect important, purpose-relevant details from attempted persuasions. Friestad and Wright stressed that persuasion coping behaviors should not be directly perceived as market skepticism. “The term ‘cope,’” they write, “is neutral with respect to the direction of targets’ responses. In particular, we do not assume that people invariably or even typically use their persuasion knowledge to resist a persuasion attempt” (Friestad and Wright 1994, 3). Given the fact that skepticism and persuasion knowledge are not interchangeable terms, we should also note that consumers who are marketing literate and possess certain persuasion knowledge would not automatically become skeptical. While coping is a passive form of getting used to external impact, skepticism is an active, though not always loud and visible, form of a protest.

Market skepticism might perform in various forms since it implies that consumer skepticism might be caused either by particular subjects or all marketing activity in general. Many consumers identify themselves or are identified as skeptical of advertising. In that case, customers tend not to believe advertisements and marketing claims (Obermiller, Spangenberg, 1998). Moreover, such consumers tend to express confidence about an opinion stating that advertising’s main goal is to lie to consumers rather than inform them in a fair and competitive environment. Another form of market skepticism relates to overall business and marketers’ intentions. For instance, consumers’ prejudice against companies’ intentions fall into that category when consumers note that no business can be trusted for the reason that every company aims only to maximizing its revenue while not caring about their customer base at all – this range of beliefs relates to doubts in a marketer’s motivation (Bobinski, Cox, and Cox, 1996; Boush, Friestad, Rose, 1994; Forehand, Grier 2003; Schindler et al., 2005; Thakor, Goneau-Lessard, 2009). This mindset might serve as the best example of a crisis related to lack of trust: when consumers increasingly

start to disbelieve companies and business leaders, it is a signal of fundamental problems within their relationships. While, as we highlighted before, persuasion knowledge of consumers is not an inherently problematic construct, consumer skepticism presents major problems for marketers for a number of reasons. First, it affects marketing efforts of the brands – skeptical consumers tend not to pay much attention to the activities initiated by companies which will result in loss of value for the companies. Second, the consumers blinded by high degrees of their skepticism are not capable of making informed decisions regarding their purchase behavior. Finally, as we noted above, skepticism is the result of lost trust towards the marketers/companies/market – it not only signals of wrong decisions of these subjects but also threatens with new forms of consumer activity: consumer boycott, for instance.

As of today, we do not see clear investigated evidence that Generation Z is, in general, more skeptical than others in all forms. However, a report by Business Insider which was mentioned above tells us that representatives of Generation Z have extremely low loyalty towards the brands and labels (Business Insider, 2020). That notion perfectly correlates with a term of skepticism given in a work by Kasriel-Alexander (Kasriel-Alexander, 2016) which highlights the fact that skeptical consumers lose their loyalty for the brands and become significantly more open to searching alternatives to the products they already consume. Nonetheless, data from Ernst & Young shows that Generation Z holds very high standards of transparency and trust (EY, 2020). While this generational cohort is extremely demanding for trustful relationships it is not clear whether today's companies respond to that demand. Finally, the data from Deloitte is trying to answer that question and gives us unsatisfactory conclusion: Generation Z is less trustful of business leaders and companies than any other generation (Deloitte, Global Millennial Survey 2019). While consumer behavior of representatives of Generation Z regarding their levels of skepticism are not widely distributed yet, this data gives us an academic interest on the subject of the research and makes us believe that the relationship between generational cohorts and market skepticism is to be investigated.

Chapter 2. Research methodology

In this chapter the methodological framework for the research will be described including research approach, data collection methods and data analysis frameworks.

2.1 Research approach

The preceding literature review shows us that there is a limited amount of existing research on the topic that is being discussed in this work. Besides, almost no information on the peculiarities of consumer behavior and level of skepticism towards the market of Generation Z in Russia is present today. In order to fill the existing gap in both theoretical and practical research on this field we decided to conduct an exploratory research on the level of consumer skepticism across several generations, its specifics and peculiarities. As well, we aimed to explore the reasons for market skepticism and the outcomes it might impose for consumer behavior. We also expected to gain significant insights which would allow us to build recommendations for those who directly work with young consumers - marketers and other business stakeholders. Moreover, as this research enters a new field its value is built upon the fact that it explores factors and the nature of consumer behavior of the representatives of Generation Z - the results might serve as a ground basis for those who will aim to explore these directions further.

The main research problem of this study is to measure consumer skepticism of Generation Z in comparison with other generational cohorts, as well as to identify the factors which influence the level of consumer skepticism in the representatives of generation Z and to define the ways companies might overcome the crisis of trust among these consumers as trust is perceived as the defining measure of skepticism. According to the research problem stated above we are formulating the following research questions:

- *RQ1* – Are representatives of Generation Z, in general, more skeptical towards the market and marketing activities of the companies than representatives of other generational cohorts: Millennial and Generation X?
- *RQ2* – What are the reasons for market skepticism among the representatives of Generation Z?
- *RQ3* – What are the ways for the companies to overcome market skepticism among the consumers which belong to Generation Z?

According to the goals of this work **aim of the research** has been formulated as following: to define the ways companies might overcome market skepticism among representatives of Generation Z with enforcing consumer trust towards the companies and their marketing activities.

Based on the aim of the empirical research we have formulated the following tasks:

- Determine the relationship between affiliation with a certain generational cohort and the level of market skepticism of the consumers;
- Define the reasons for market skepticism among the representatives of Generation Z;
- Identify the methods companies are using in order to overcome consumer skepticism among the representatives of Generation Z;
- Offer practical recommendations for the business society on how to work with the consumers belonging to Generation Z in their marketing strategy.

2.2 Research design

For the fact that the research topic is under discovered and requires a large scale of work connected to consumer analysis an extensive research combining both types of research (quantitative and qualitative) is to be done. Quantitative research is to allow us to build statistical relationship between generational cohorts and consumer skepticism, assess the general reasons and behavioral patterns while qualitative research is employed in order to dive deeper into the minds of those representatives of Generation Z who express highest levels of market skepticism, as well as to understand how the companies working with consumers are assessing the matter and set their actions towards an according generation. According to Hammersley's classification of approaches to mixed methods research our research might be described as complementary for the reason that research methodologies investigate different aspects of the phenomena.

The research design implies a stepwise approach which allows us to clarify the content of the following steps according to the data gathered at first. Previous steps are essential for formulating the content of the next ones. Besides that, research sample relies heavily on the results of initial findings. Let us reveal the structure of the research and the methods to be used in detail:

1. Quantitative methods:
 - *An online survey* helps us handle several tasks. First, it allows us to determine whether the fact of belonging to a certain generational cohort is related to the level of market skepticism. By matching basic demographical parameters with consumer's responses we are able to answer the following question: are the consumers who belong to Generation Z more market skeptical than consumers belonging to other generational cohorts? It is relevant to compare few generational cohorts (Baby Boomers, Millennials, Generations X and Z). The next task we are to handle with this particular method is to define the consumer behavior aspects of our respondents. By doing that we are answering the following question: what are reasons for lack of trust towards the market among the consumers

belonging to Generation Z? Accordingly, we would like to explore in detail their views and their behavior. Understanding those reasons also plays an important role for offering practical recommendations for the business society. An online survey has been chosen as a primary qualitative method because of several benefits: initiating one is cheap, results might be obtained in a fast and simple manner, no need to assist respondents is present and anonymity contributes to a higher response rate. The questionnaire is composed in Russian language for the reason that our research is concerned with Russian consumers.

2. Qualitative methods:

- *Expert interviews* with the company's representatives are effective for understanding the views of major players of business on the problem. It is important for us to find out if the companies realize the existence of the problem and what are the ways for handling the challenge. While it is not expected to obtain a list of practical recommendations we are aspiring to understand the businesses' view on the problem.
- *Semi-structured interviews* with those consumers who belong to Generation Z and were identified as the representatives of market skeptical groups through the process of an online poll allows us to research the peculiarities of their consumer behavior, define the reasons for such level of consumer skepticism and to detect their expectations of companies and their marketing activities.

It is important to highlight the need of a stepwise approach of our research. As the selected research methods are interconnected they might not all be held simultaneously but rather have to follow each other. For the first stage of our research expert interviews are to be held since semi-structured conversation with business representatives is expected to bring significant data into one of the following steps – online poll and interviews with the consumers. After conducting this particular stage and analyzing its results we will be able to initiate an online poll of the consumers. We are expecting to identify a certain sample of the most consumer skeptical consumers who satisfy our requirements (Generation Z representatives) through an online poll. By giving the respondents an opportunity to leave their contact data for the following research we will be able to track them and continue with the next stage – a semi-structured interview.

2.3 Data collection

Apart from the research methods stated above there is a substantial need for using secondary data sources, including existing case studies, market data, experts' observations and sociological data. This data will be obtained from the open sources.

An online poll will be performed in a way of a formalized survey of consumers through an open online platform. Google form was selected because of its simplicity and existence of

functions to build various logics for the questionnaire. Moreover, apart from other established platforms it is free for use. The research has to include at least 100 respondents of each generational cohort that is being examined (Generations X, Z and Millennials). It is expected to gather such a number of the respondents via the students of the university and members of the business society in Russia: the questionnaire is to be distributed across academic and business channels, thus formulating a snowball sampling. Such sampling method is especially helpful for gathering a sample of respondents from older generational cohorts as they cannot be simply obtained through the university channels. Despite the fact that biased sample is named by researchers as a potential drawback of such method of formulating a sample, we hope to minimize this effect by scoping the sample (Powell 1997, p. 68; Krishnaswami & Satyaprasad 2010, p. 77). The study will help us to quantify the relationship between generational cohorts and the levels of market skepticism. Moreover, it will serve as a foundation ground for the following step of the research – interviews.

A sample for the next step of our research (semi-structured interview) will be obtained via the online poll after the respondents will leave their contact data. It is expected that no less than 10 interviews with the representatives of market skeptical groups of Generation Z are conducted over the period of this particular stage of the research. These interviews will be transcribed for the further analysis.

On the stage of conducting expert interviews we will identify few experts in marketing and consumer behavior who are working in the companies who might face such challenge – B2C companies functioning in Russia across various market segments, preferably, large FMCG companies for the reason that communicate directly with various groups of consumers and possess large amount of data related to their behavior.

2.4 Data analysis

In order to analyze the data obtained with our qualitative research (online poll) we will use SPSS software. In our process of analysis, we will use several techniques:

- Perform descriptive statistics on several groups defined by age and compare means of significant variables accordingly;
- Initiate cluster analysis to divide the respondents between several groups basing on their characteristics;
- Perform regression analysis in order to track the level of influence of the independent variables on the dependent ones.
- Build frequency tables in order to analyze the frequency of some particular observation occurring in a data set;

- Conduct non-parametric Mann-Whitney U test in order to compare the data for the different generational cohorts

As for the expert and consumer interviews, they are to be transcribed and analyzed in the form of text.

2.5 Expected findings

It is expected that all of the research questions will be answered with these procedures. In particular, we expect to:

- Identify the comparative level of market skepticism among the representatives of Generation Z;
- Learn the reasons for market skepticism among the representatives of Generation Z;
- Determine the approaches companies might use in order to combat market skepticism of their consumers.

Chapter 3. Consumer behavior of market skeptical consumers of Generation Z

3.1 Quantitative research findings

An online questionnaire placed on Google Forms gathered 389 responses. The sample consisted of 242 female (62%) and 147 male (38%) respondents. The same gender split is roughly equal for each generational cohort. Although two genders are not equally distributed we might conclude that the sample is rather balanced – according to researchers, women drive a larger part of all consumer purchasing (Bloomberg, 2018).

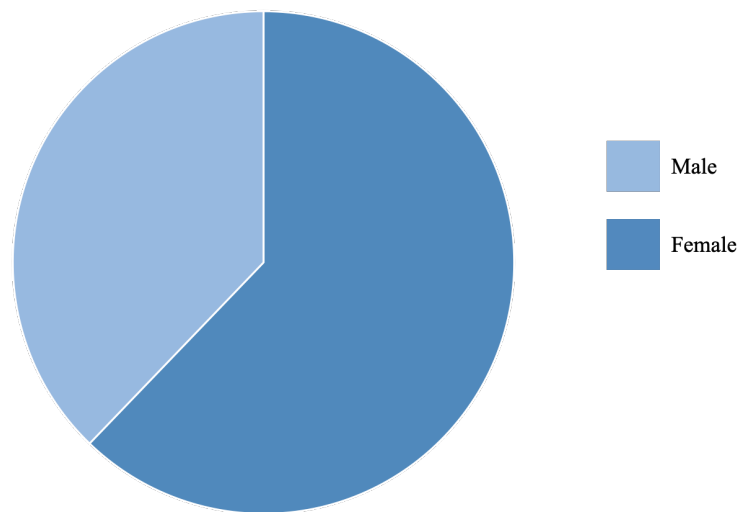


Figure 7. Sample split by sex

Sample consists of respondents belonging to three generational cohorts: X (years of birth from 1960 to 1979), Y (1980-1994) and Z (1995-2010). Generation Z accounts for 204 respondents, while 105 of our respondents represent Generation Y and, finally, Generation X comprises 80 responses. Respondents under the age of 16 were not examined for the reason that their consumer behavior is expected to vary deeply with adult consumers. The mean age of the respondents equals 30 because of the fact that the largest part of the sample consists of respondents under the age of 25 inclusively. The sample size allows us to analyze the youngest generational cohort precisely, as well as to compare it with the remaining ones. The distribution of generational cohorts might be seen on the Figure 8.

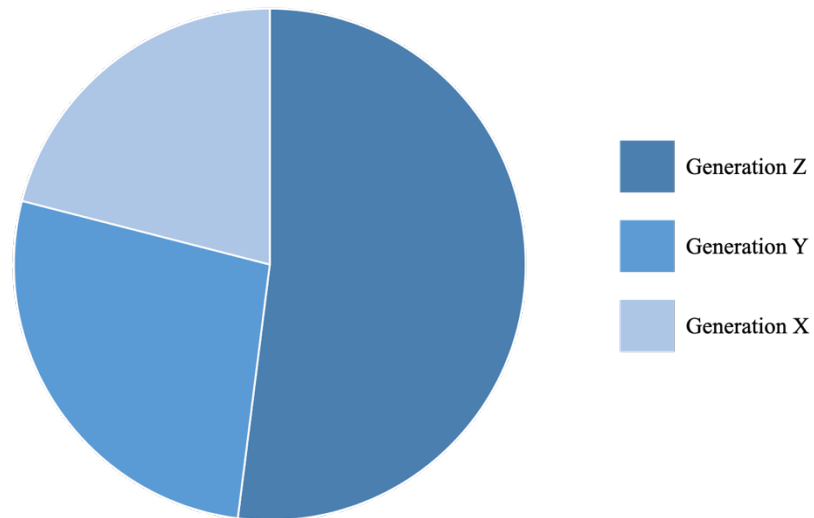


Figure 8. Sample split by generational cohorts

The test of Chronbach’s Alpha resulted in the value of .768 meaning that items on the questionnaire possess rather high internal consistency. The result is acceptable to proceed with further analysis.

Chronbach’s Alpha	Number of items
.778	5

Figure 9. Reliability statistics

Most scales were attributed to different aspects of consumer behavior: persuasion knowledge, advertisement skepticism, loyalty towards the brands, market cynicism and marketing literacy. As it was discussed in the preceding chapters, persuasion knowledge of consumers performs as a prerequisite for consumer skepticism (Shrum, Liu, Nespoli, and Lowrey 2012), while cynicism is widely perceived as a maximized level of skepticism among consumers (A.E. Helm et al. 2015) and low loyalty towards the brands is a defining characteristic of a skeptical consumer (Kasriel-Alexander, 2016). Finally, advertisement skepticism is used in order to measure a specific part of overall consumer skepticism. In our equation we use its negative value for the reason that common scale for its measurement is reversed: lower values correspond to higher skepticism levels. The abovementioned factors were calculated into a formula that would help us to understand the overall level of skepticism of any given respondent. The coefficient varies from 0.07 to 3.03 between the respondents with a mean of 1.65 and a standard deviation coefficient equal to 0.699.

$$\text{Persuasion knowledge} - \text{Advertisement skepticism} + \text{Consumer cynicism} - \text{Loyalty to brands} = \text{Overall market skepticism coefficient}$$

	Persuasion knowledge	Advertisement skepticism	Consumer cynicism	Loyalty to brands	Overall skepticism
Mean	4.12	2.07	3.52	3.74	1.65
Minimum	3.17	1.33	2.57	2.20	0.07
Maximum	5	2.83	4.29	4.80	3.03

Figure 10. Descriptive statistics on grouped variables

According to these coefficients, the next step includes comparison of the groups between each other: as it was stated in the hypothesis section, it is expected that the level of skepticism is different across three generational cohorts. In order to check this particular assumption, we initiated One-Way ANOVA test. The preceding test of homogeneity of variances gave us a satisfactory result which let us proceed with testing. Overall ANOVA is significant.

	Sum of squares	df	Mean Square	F	Sig.
Between groups	23.938	2	11.969	29.570	.000
Within groups	156.244	386	.405		
Total	180.183	388			

Figure 11. ANOVA model

According to the data from the analysis, there exists a statistically significant difference between the general level of market skepticism between different generational cohorts. In fact, each of three examined cohorts has a significantly different mean coefficient. The difference between Generation Z and Generation Y in terms of their market skepticism is very close to the difference between Generation Y and Generation X. It is important to highlight that, as we originally assumed, market skepticism coefficient is higher among younger people (Generation Z) and is the lowest among the representatives of Generation X. Although it was expected that the difference exists, the values are particularly interesting.

(I) Generation	(J) Generation	Mean Difference	Std. Error	Sig.
Z	Y	.31101*	.07641	.000
	X	.62644*	.08393	.000
Y	Z	-.31101*	.07641	.000

	X	.315543*	.09442	.003
X	Z	-.62644*	.08393	.000
	Y	-.31543*	.09442	.003

Figure 12. Multiple comparisons

A further look into the data regarding generational differences provides two interesting observations. First, generational cohorts are not equally distributed over the line. An especially significant difference is present within generation Y: a younger part of it (26-30) is highly more market skeptical than an older one (35-39). A T-test shows us that there is a significant difference between those two groups. While it is a subject for further discussion, it is important to highlight the fact that affiliation with a certain generational cohort does not function as a conclusive characteristic for predicting market skepticism for the reason that large variance in groups is presented. It might be partially explained by the fact that there are no clear universally adopted distinguish lines between generations – for instance, as we noted before, certain interpretations consider people born in the period from 1995 until 2000 representatives of Generation Y, apart from the theoretic background we are referring to.

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. error difference
Overall Skepticism Coefficient	Equal variances assumed	.037	.848	2.810	85	.006	.44003	.15657
	Equal variances not assumed			2.827	60.070	.006	.44003	.15565

Figure 13. T-test for two groups belonging to Generation Y

Another important highlight concerns the specific nature of market skepticism among Generation Z. As we can see from the scatterplot, this generational cohort is not unified in its views towards the market. While the lowest values of market skepticism of Generation Z are also lowest for all the cohorts, a major part of all observations falls into the category which is accordingly popular with other cohorts – from 1.00 to 2.00. On the other hand, a large group which exceeds those limits is present, apart from the other generational cohorts. By saying that we want to deliver a following observation: many representatives of Generation Z are just as skeptical as other generations; however, a large subgroup of skeptical consumers defines an overall result. While

this particular subgroup cannot be ignored or neglected in our research, stressing that phenomena out is important for further understanding. Given this information, we should pay closer attention to the fact that a portrait of a general Generation Z consumer might be very different from the one of a highly-skeptical one, even admitting the conclusion that this cohort is more skeptical towards the market as whole.

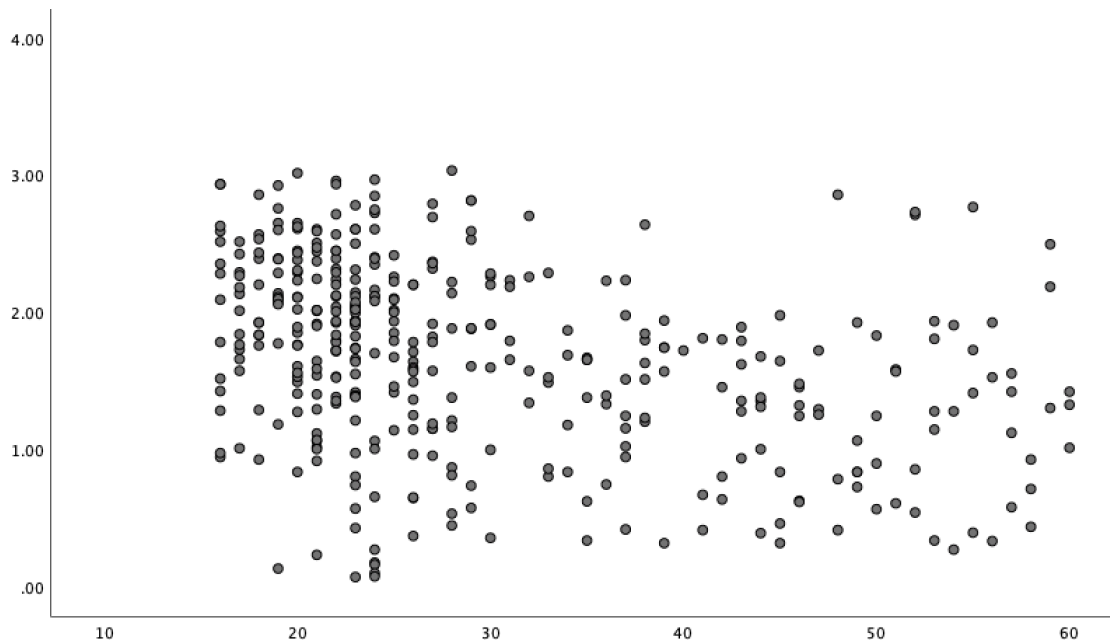


Figure 14. Scatterplot for the observations.

While marketing literacy of our respondents was measured, it was not included into the formula for an overall marketing skepticism due to the fact that no research proving a direct relationship between this variable and skepticism is present. However, practical value of consumer behavior studies is partially defined by their ability to benefit to segmenting consumers basing on their characteristics. Previous researches on the subject note that such characteristics as market skepticism and marketing literacy of consumers might perform as a foundation for identifying four “ideal types” of consumers in order to assess their vision of the market (Golovacheva, Smirnova, 2017). We put the coefficients the respondents have obtained on two according scales where minimum and maximum values are defined by the descriptive statistics for related variables: such mapping might not be perceived as universal and should not be treated as a ground for further comparison, their value in terms of this work lies in the field of comparison over one sample. As a result, we can clearly see that Generation Z stands alone as a part of a distant group – literate skeptics. In general, such consumers are characterized by a critical point of view towards marketing which is often affected by negative personal experience (Golovacheva, Smirnova, 2017). At the same time, it is clear that general point for this cohort is very close to falling in either

of three remaining segments. While marketing literacy has less variance, it might be assumed that those consumers who do not belong to the most skeptical groups of Generation Z would go into the segment of literate enthusiasts. Both Generation Y and Generation X fall into a category of illiterate enthusiasts – usually the group is comprised of people coming from undeveloped economies with little experience in consumption. However, in terms of our research such comparison is not possible for the reason that we do not possess data on country-to-country differences.

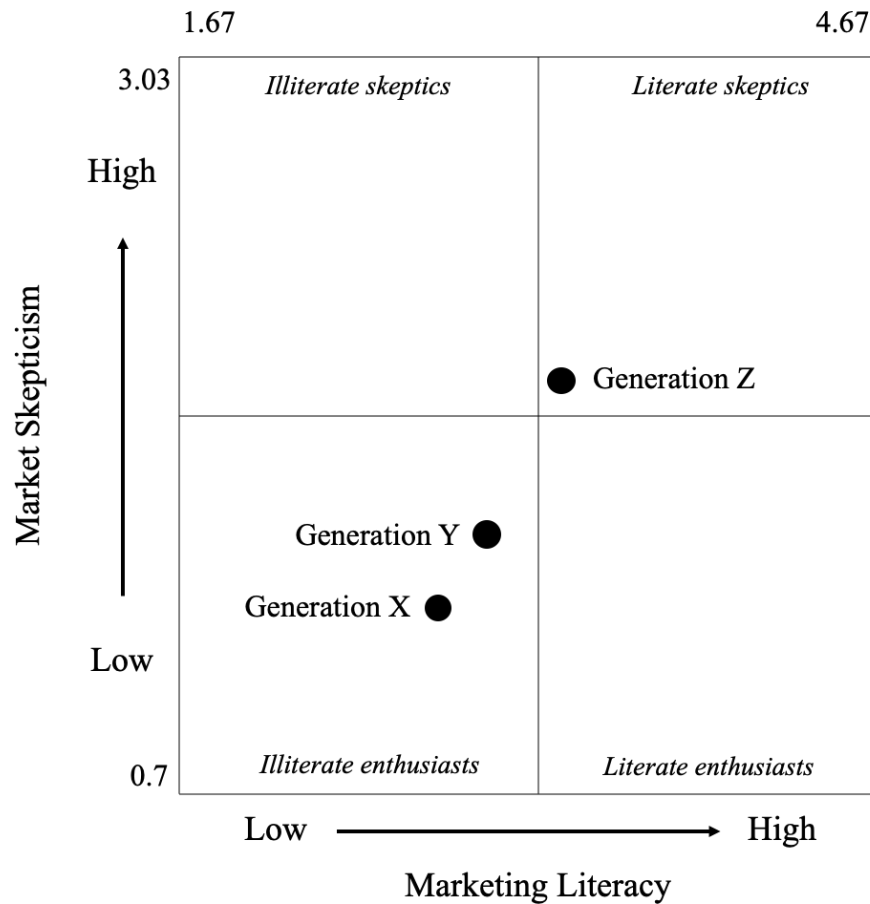


Figure 15. Consumers' typology by levels of market skepticism and marketing literacy

Another part of the questionnaire was aimed at estimating the sources of trust for various generational cohorts. We were interested in understanding which factors are specific in terms of trust development towards the companies among the consumer belonging to Generation Z in order to define the potential ways companies might use in order to overcome skepticism which is perceived as a lack of trust. It turned out that there is no statistically significant difference between generational cohorts when the respondents are asked to answer a question whether they trust their friends more than official brand sources when selecting a new product for themselves: each group said that they are highly likely (4.4-4.6 mean) to set up such priorities in their decision making.

On the other hand, ANOVA analysis showed that there is a significant difference in two other criteria: social networks and review platforms. In both cases Generation Z is more likely than Generations Y and X to say that they trust these sources more than official information of a brand. However, generational cohorts Z and Y do not differ on the matter of review platforms: both of them are significantly different from Generation X. As for the social networks, Generation Z is statistically different from both remaining cohorts.

	(I) Generation	(J) Generation	Mean Difference	Std. Error	Sig.
When selecting products, I tend to trust information placed on review platforms more than official information from the brands	Z	Y	.217	.097	.000
		X	.600*	.088	.000
	Y	Z	-.217	.108	.003
		X	.383*	.094	.000
	X	Z	-.600*	.083	.000
		Y	-.383*	.089	.000

Figure 16. Multiple comparisons

3.2 Qualitative research findings

Our research involved two qualitative methods: a series of semi-structured interviews with consumers who were identified as most market skeptical representatives of Generation Z through an online questionnaire as well as a series of expert interviews with marketing specialists working with customers.

	Type	Sector	Function	Age	Sex
Expert #1	Business-to-Consumer	Personal Care & Cosmetics	Digital Marketing	33	Female
Expert #2	Business-to-Consumer	Clothing & Apparel	Marketing	25	Female
Expert #3	Business-to-Consumer	Personal Care & Cosmetics	Brand Marketing	31	Male

Figure 17. Description of experts' profiles

At first, we aimed to identify the nature of market skepticism. While general information regarding the phenomena was given in order to navigate the respondents, experts and consumers tend to note different aspects of a broader term. For instance, skeptical respondents link their skepticism to their high awareness of marketers' intentions. As most of them say, they consider themselves skeptical consumers because of the fact that they are aware of techniques that are frequently used in marketing, promotion and advertising: "I know that whenever a brand is claiming its leadership position in some area, there are footnotes with asterisks saying that, for instance, they rely on results of their own research or compare to their own products – I never listen to such claims and try to avoid paying attention to them". Most respondents feel that their skepticism is a direct result of higher consumer intelligence which navigates them the purchasing processes. It is important to highlight the fact that skeptical young consumers see manipulation attempts as a prerequisite: "It is obvious that lying or at least embellishing is a part of the work of those who are responsible for selling products – sellers, marketers, retailers etc. – I realize that I cannot expect that a brand would be truthful and sincere, in that case they won't be very successful on the market which is dominated by manipulation and artificial product claims". When asked of the reasons for low trust towards the brands, most respondents cannot name a specific reason for that: either personal negative experience or general information on particular market subjects. Instead, young consumers bring up their general knowledge on marketing persuasion and distinct cases with particular companies or products of various segments which failed to meet consumers' expectations. It brings us to a finding that, in fact, overall attitude towards the market shapes personal attitudes to particular brands and products rather than vice versa. It is a counter-intuitive outcome since it is widely assumed that skepticism is being born in the process of extrapolation of particular sides of personal experience to larger samples. However, all the respondents note that they cannot recall any major situation that has changed their views towards the market. Instead, they express certainty about the fact that their skepticism and trust levels has always been more or less the same as today: "I don't really think that something special has led to my skepticism – actually, I was always lucky to avoid major deception and mistakes when buying and consuming something...I feel that I have always been like this". On the other hand, few respondents name situations related to their personal experience which reinforced their beliefs about persuasion and marketing: "Some time ago I used to work as a junior car sales manager – I think that now I know pretty much everything about the ways companies use in order to convince you to buy something without technically lying but using, let's say unethical and manipulative tricks".

Our experts, on the other hand, say that they see skepticism primarily as a definition which explains the fact that it is a lot more challenging today to promote the products than years ago: “My senior colleagues, who are also brand managers, always laugh about it – fifteen or twenty years ago you only needed high advertising budgets to launch a TV advertisement and see immediate growth of your sales if it is a good one; in 2020 it is much more complex – we still have our marketing budgets but traditional advertising is just not enough because you have to be creative and conduct a complex omnichannel strategy”. All of our experts agree on the fact that market skepticism is a raising issue but mostly connect it to advertising, saying that it is harder to assess if consumers in fact trust them as institutions and share their values. As well, the representatives of business society says that they cannot agree on an opinion that skepticism has significantly undermined the businesses’ efforts to stimulate sales by controlling pricing marketing: launching discounts and sales, special events as Black Friday and so on: “I would not say that – everyone likes discounts, at least we do not see something like this on the field; the problem with such methods is not that people do not believe it – over the last ten years we have understood that you cannot expect to build a real competitive position from offering constant discounts – they are many cases on FMCG market when such policy just ruined profitability for the whole market...anyway, we note that it is an easy way out and consumers appreciate value for money a lot but it is on us – we should rely on brand positioning and harder promotion instruments to gain a significant and stable share of the market”. All in all, experts are highlighting the fact that advertisement skepticism has grown significantly over the last two decades and is much higher among young consumers. However, specialists are not sure about the reasons for such a shift. The most probable factors in their opinion are high market saturation and information overload. For instance, as one of the experts noted, twenty years ago Russian market was not as overwhelmed with various products and services of all types as it is today – consumers who became independent consumers in the 1990s witnessed an enormous rise in the amount of offer in the market. While most of the products were new and unique at that time, they were, in general, perceived with higher positive attitude and information on new offerings was still desirable: a fast rise of consumption culture in Russia gave individuals an ability to engage into new systems, as well as to build their identity upon that: “People were thirsty to consume back in the time, they just did not have enough money to consumer more...as you know, the society of consumption entered our socioeconomic system rapidly – we were obsessed to look like people of so-called developed countries...it is especially relevant to the category of luxury goods – today nobody cares about that as much”. Also, all experts agree on an opinion that they can see shifts in consumers’ priorities regarding purchasing process and it might be viewed as a generational shift. According to our respondents, younger consumers pay a lot more attention to value and are willing to search the best one for the

lowest price – it is not as limited by status/prestige variables for them as it is for mature consumers. Besides, because of such priorities younger consumers tend to follow a more rational approach to their decision making. Despite the fact that each expert has an explanation they believe in, as we can see their companies do not possess conclusive data on this matter and do not conduct major researches into consumers related to their skepticism. One of the respondents told us that their company ordered a research by a method of focus group in order to investigate the differences between age groups when consumers face certain ways of marketing persuasion (predominantly advertising). The research had clear practical value and was used for a marketing campaign of a new product for a wide range of age groups – no generalizations were made. We observe the fact that marketers understand the existence of such issues, but the matter is not a part of strategic action plan on a corporate-level.

An interesting finding is based upon the sources younger consumers choose for their decision-making process. While all of our respondents might be described as highly skeptical, none of them is participating in any sort of consumer boycott: each of them is an active consumer who would describe their activity levels as average or higher. Even though consumption structure and behavior might be different from other groups, those individuals still need to manage the process of selecting products, services and brands. Respondents were asked to describe that process and highlight the sources they are using. It turned out that most consumers who participated in our interviews tend to see review platforms as more or less trustworthy resource for getting information on the product. Besides that, respondents say that social networks are also a valuable source of information – they explain that user generated content presents interest for them as well as brand's official posts. Despite the fact that brand owned social networks are controllable by marketers, many of our respondents say that they feel a higher justice for the reason that this communication involves both sides: a company and their consumers. These specifics are believed to create a safer space for the reason that brands would not be likely to lie or manipulate in a situation when their audience is present online and is granted with free speech ride: "Of course, I am aware of the fact that information is based there too, sure, but at the same time I can see how their subscribers react, is there place for objections or hate towards the brand...it is totally different when you are facing an online banner and cannot rely on anyone's opinion regarding the agenda this brand pushes to you or when you are in the shop and you can also only compare product claims of several packages you are seeing for the first time". Most of our respondents regularly use social networks in order to see the examples of product usage, read or watch reviews, search brand related hashtags, monitor followers' comments and overall brand's publications. While the same respondents are highly skeptical towards advertising as it is, they either do not perceive brands' activity in social networks as a part of advertising campaigns or consider it much more fair than

ordinary advertising. As we can see, the presence of other people in the same sphere give younger consumers a feeling of safety and validates a brand's communication by the very fact of its existence. Nonetheless, the process of using social networks for searching brand related or product related information is perceived as controllable – five out of eight respondents agreed on an opinion that social networks give them more control. While they cannot control the amount and quality of information they are receiving through traditional advertising, on Instagram, for instance, they have an ability to decide whether they should or should not spend their time on exploring some brand's profile. Besides, an additional value is based upon the fact that such acts might be helpful not only for purchasing products but also for self-education and personal development – three of our respondents brought up the fact that they appreciate interactive and educational content from brands: “Despite the fact that it is still more or less marketing content aimed at generating money for them, I do not feel offended if they are making something that might actually be good for me and correlate to my interests – it is fair even if some product placing is there”. Respondent's views towards review platforms vary – two of them said that they never use them either because they are not used to or because they do not trust them. However, six of our respondents told us that they use review platforms from time to time in order to select new products, search for alternatives and compare substitutes. When asked about benefits of such platforms and the reasons for their usage, respondents answer that the resources are trustful; renowned; helpful; fair and transparent. Often such services function as a confirmatory step of product research – younger consumers search for the reviews in order to reassure themselves on the fact that they are doing the right decision. These reviews are perceived to be honest and few respondents are not aware of the fact that they are often managed by the brands. Others say that they are aware of it but still find these portals very helpful because of two factors. First, they are sure that they are able to detect fake reviews and easily drop them out of their perception. Second, skeptical consumers assume that some portion of company-managed reviews does not undermine the overall significance of those resources: “It is super easy to detect fake reviews and some platforms even require users to put a special disclaimer at the top of a review if they were affiliated with a company producing it...still, I can spot fake ones and still understand what is the real general reception of a product”.

It is important to highlight the fact that our experts named both social networks and review portals as ways of communicating with younger consumers, saying that their strong addiction to internet not only helps marketers to deliver information in a simple and fast manner, but also to generate higher acceptance rate of this information. Specialists were reluctant to describe the exact methods they are using to work with review platforms but shared the fact that most FMCG and consumer centered companies are very active on this field today. One of the experts mentioned a

constant activity their company is implementing: stimulating consumers' publications on these resources by providing them with gifts and initiating contests. According to their opinion, smaller companies often use agencies to create fully artificial product reviews on social networks and review platforms. At the same time, our experts say that these methods are very efficient but cannot replace advertising because they do not help significantly to raise consumer awareness.

Another important finding is that, according to the experts, younger consumers in general pay more attention to ethical consumption and ethical behavior of the companies, as well as to value set in general. While such consumers aim to take an analytical approach to choosing products more frequently than other generational cohorts, they also tend to be focused on companies' social responsibility and values. This fact makes it more complicated to build trust with consumers because most businesses in our country are not well prepared for communicating such constructs. As well, this demand is widely perceived as a factor which worsens the overall situation of a business – many companies are not ready to sacrifice their profitability in order to implement eco-friendly technologies and ethical standards. Moreover, as for today this demand is not widely spread: only younger groups of consumers tend to include such factors into their decision making. According to the experts, a general assumption that the companies are not sincere regarding their social responsibility, ethical standards and support to issues of ecology is a factor which dramatically impacts overall skepticism levels and partially defines the crisis of trust. At the same time, as experts say, companies yet do not feel a need for immediate changes. “Young people all over the world say that they cannot trust large corporations and major business – in Russia too. But the thing is that we do not really see the difference in terms of our sales, either the voices are just too loud but limited, or it is a matter of time. I suppose so: even though we do not yet feel that consumers punish us for with enormous levels of distrust, it is a tendency – in 5 or 10 years it would not be possible to be successful with customers behaving like most businesses do today”.

In general, despite the fact that observed companies do not have a centralized master strategy for overcoming market skepticism of young consumers, all of them are implementing actions targeting this specific group and incorporate certain characteristics, including advertising skepticism, lack of attention to traditional promotion methods, low trust levels towards their businesses and others, into their plans of actions. For instance, according to our experts, they aim to choose appropriate channels and content – as they reported in order to target Generation Z it is highly important to interact with them and provide useful content which is not directly connected to the products.

3.3 Discussion

Generation Z, in general, has proved to be significantly different from other generational cohorts: both Generations Y and Z. Quantitative analysis, as well as expert interviews, confirm our primary hypothesis. However, we have found out that generational cohorts do not fully explain the differences between age groups because of the fact that there are significant variances within the groups – Generation Y gives us an example of high variance between younger representatives of the generation, aged 26-30 and more mature ones, aged 35-39. While generational theory does not provide us with universal explanation of time boundaries between the groups, the theory fails to take major age subgroups in our case. Another explanation might be that the theory aims to explain the generational differences in a universal key, without paying much attention to cultural differences. As our experts pointed out, in Russia such differences might have a critical value: some of them explain that variance between age groups might be caused by alterations in economic system of the country, as well as cycles of fast growth and rapid consumption development. Thus, despite the fact that generational theory has proven the fact that it might be used for consumer behavior studies, we cannot conclude that it is conclusive. On the other hand, the group of consumers of Generation Z, who are already consumers, is more consistent. Because of that, we still are focusing our attention that there is a substantial need for exploring their characteristic related to market skepticism.

At the same time, Generation Z' market skepticism is also not equally distributed. While large portion of observations fall into the average category for different cohorts, there is a group which have much higher values. According to this observation we can say that generally higher skepticism of Generation Z does not mean that every representative of this cohort is highly skeptical: a significant subgroup with higher values is present.

Besides that, our analysis show that every generational cohort is different from two remaining ones: it is not only true for Generation Z. For instance, Generation Y has a significantly lower skepticism level than Generation Z but is also significantly more market skeptical than Generation X.

Another factor which we can use in order to distinguish between generational cohorts is marketing literacy – our analysis showed that Generation Z is also more marketing literate. The abovementioned parameters made it possible to segment the cohorts into two groups basing on the average levels of coefficients according to the cohorts: while Generation Z is mapped onto the category of literate skeptics, two remaining generational cohorts in general belong to the group of illiterate enthusiasts.

As for the specific traits associated with consumer behavior of Generation Z, we saw that this particular cohort is highly skeptical and less responsive towards advertising – this is confirmed

by an online poll, consumer interviews and experts from business society. At the same time, even though they report high persuasion knowledge, most respondents say that they are willing to trust information posted in social networks and on review platforms. While for some reasons respondents do not recognize them as direct advertising, these sources are an important channel for building trust for the marketers.

The business society recognizes the threat connected to trust issues in young consumers. At the same time, observed companies do not implement thorough strategies for combating the phenomena because nowadays they do not present a serious factor affecting the companies' profits. However, companies which are targeting younger groups of consumers aim to respond to the customers' needs while keeping the same direction of business development – for instance, grow their presence in the channels which are important for young consumers.

To sum up, all of the hypotheses that have been stated, are considered confirmed generating answers for our research questions.

Suggestions for further research

As the field is still underexplored and requires significant amount of data in order to fill in the gap, there is a lot of place for further research. First, as we saw from our research, generational theory cannot be applied as a conclusive method for the reason that it omits difference within the groups which is statistically significant. Further comparative research might concentrate on exploring the differences between smaller age groups. The theory applied in this work performs as a prerequisite stating that the differences between the groups are existent but does not provide us with clear definition of age groups regarding their skepticism level. Cluster analysis might be applied in order to find such groups.

Moreover, as we saw, Generation Z is not unified and has a large variance regarding market skepticism. We assume that there is a possibility to determine the groups of Generation Z basing on their skepticism. Few other factors, including persuasion knowledge and marketing literacy might also help to achieve the goal.

Conclusion

In this work we examined theoretical aspects of market skepticism, including particularly consumer persuasion knowledge, purchasing decision and marketing literacy. Besides, we explored generational theory and its implications for consumer behavior studies: the peculiarities of various generations regarding their consumer activity and purchasing decision-making process as well as the differences between several cohorts. This work fills a substantial gap by exploring the specifics of Generation Z in Russia and, as well, market skepticism in the country. A thorough analysis of the most market skeptical consumers has led to a deeper understanding of the nature of the phenomena.

An empirical research is combined of both quantitative and qualitative research methods which allowed us to compare the generations statistically and explore the peculiarities of cohorts' consumer behavior. A series of interviews with consumers allowed us to define the reasons for high levels of market skepticism and explore the nature of the relationship between actual behavioral patterns of our respondents and their self-estimation of own skepticism. A series of interviews with the representatives of business society helped us to understand a full picture of the phenomena by collecting various points of view of different sides of the market: consumers and companies. It was proven that Generation Z is in general than other generational cohorts – Y and X. Nonetheless, we found out that a significant difference also exists in the levels of market skepticism between generations Y and X. A detailed analysis of the questionnaire statistics brought us to unexpected results: even though generational theory and its instruments succeeded in highlighting the difference between market skepticism of different groups, it failed to explain detailed variance. As our research has shown, a significant difference also exists within the groups, for instance, younger Generation Y is statistically more skeptical than older groups of the same cohort. Another major finding is that Generation Z in general also possesses higher levels of marketing literacy. This outcome goes in line with previous research conducted by Maletsin (2017), which states that Generation Z is more knowledgeable and act as an experienced consumer even given the fact that representatives of this cohort are relatively young. Furthermore, a theoretical concept developed by Golovacheva and Smirnova regarding four ideal types of consumers basing on their market skepticism and marketing literacy was accompanied by mapping three observed generations over the scales.

We have also found out that social networks and review platform do not only perform as efficient advertisement channels but might also be used by marketers in order to build trust with consumers: our research has shown that Generation Z is significantly more likely to trust information coming from these sources than other cohorts. A qualitative analysis has also explored

that young consumers do not perceive information coming from these sources as manipulative and biased as they perceive traditional advertising. Few characteristics which are also significant for the representatives of Generation Z in order to win their trust, including value-based communication and ethical matters.

The theoretical implication of this work is primarily defined by its novelty: it became the first attempt to compare market skepticism of consumers over generational cohorts in Russia. Besides, a formula for marketing skepticism, which integrated previously disclosed concepts and scales has been developed through the process of empiric research. Nonetheless, consumer segmentation model has been applied in order to define the groups of consumers according to two basic characteristics and generational theory has been implemented into the model.

The practical value of the work is defined by the fact that the matter of peculiarities of consumer behavior of Generation Z is an understudied research field in Russia. Companies which are directly working with consumers have to adapt for fast development of the market, including generational shift. It has been proven that generational cohorts are very different in their consumption all over the world. Accordingly, companies need to possess information on young consumers. Who will soon become the major force on the market.

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Appendix 1. A guide for an expert interview.

This guide covers general aspects of conducted interviews, although precise structure of those interviews varied deeply for the reason that a semi-structured path was chosen in order to explore more items brought up by the respondents.

1. Your company produces products for consumers – what are the age groups you are targeting with your products?
2. Do you observe consumer skepticism on your market – for instance, consumers' unwillingness to be engaged in advertisements or get involved into marketing activities of your company?
3. Is there a problem of consumers' trust towards the companies and marketing persuasion? If yes, how does it affect your company?
4. How do you observe it?
5. How do consumers express their skepticism in their consumer (including purchasing and decision-making) behavior?
6. Do you observe differences in behavior of your customers related to their age/generation?
7. What are the reasons for consumers' skepticism in your opinion?
8. In your opinion, is advertising less efficient today for stimulating sales than one or two decades ago? If yes, is it related to skepticism of consumers or other factors?
9. Do you suppose that companies possess enough information to address trust issues among their customers?
10. Do you implement changes into your marketing strategy given the fact that consumers of different age are more/less skeptical towards marketing persuasion?
11. In your opinion, what are the specific traits of young consumers (under the age of 25 inclusively)?
12. What does your company do in order to raise consumers' trust? Which methods do you consider most effective?
13. Do you feel that there is a need to communicate different aspects of actions to win trust of people of different age?
14. In your opinion, how can a company win trust of younger consumers?
15. Academic researchers say that consumer skepticism is accompanied by lower levels of loyalty towards the brands. Do you observe this phenomenon – are younger consumers less loyal to brands are more willing to constantly try new ones?
16. In your opinion, are younger consumers more aware of marketing persuasion? Does it affect your marketing activity?

Appendix 2. A guide for an interview with consumers.

This guide covers general aspects of conducted interviews, although precise structure of those interviews varied deeply for the reason that a semi-structured path was chosen in order to explore more items brought up by the respondents.

1. Do you consider yourself a skeptical consumer?
2. How would you define your level of trust towards brands, their marketing activities and overall market?
3. What are the reasons for this level of trust? Is it connected to your personal experience or general conclusions?
4. Do you feel that companies aim to “fool” you and manipulate your behavior? Why?
5. You have said that you do not trust advertisements. Is it the same for all advertisement methods – TV/radio/digital?
6. Have you ever been in a situation when product quality varies greatly from what the brand selling it tells you? Please, tell me more of this case.
7. How do you make you purchase decisions – what sources of information do you rely on, how do you search for this information?
8. Please, recall the last time you felt that you need a new product and you did not know what the alternatives at that time were. How did you act?
9. Do you feel that advertisement does not affect your thinking and behavior related to purchasing decisions?
10. Would you say that you aim to rely on certain brands in order to avoid persuasion from marketers while choosing alternative or, on the other hand, do not tend to differentiate between brands? Do you consider yourself a loyal customer?
11. Do you believe that interaction between consumers and customers might be beneficial for both sides of the process?
12. Can you say that you are more/less market skeptical than other members of your family? Friends?
13. Are there any companies and brands that you trust? Please, tell me more about them.
14. What does it take for a brand to gain your trust?
15. Do you feel that you know more about marketing persuasion than others? Why does this happen?
16. Can you, please, tell me more about persuasion techniques that you are experiencing as a consumer?
17. How do you prefer to react to marketers’ attempts to persuade you?
18. Would you say that it is possible for you to participate in any form of consumer rebel? For instance, boycott brands and avoid consumption as much as possible?

Appendix 3. Questionnaire for consumer online poll

Loyalty towards brands	<i>Scales</i>				
При выборе товаров я обращаю значительную долю внимания на бренд	1	2	3	4	5
У меня есть любимые бренды	1	2	3	4	5
Я предан брендам, продукцию которых я выбирал раньше, если меня в целом устроило качество продукта	1	2	3	4	5
Я привержен некоторым брендам – слежу за ними, предпочитаю товары этих торговых марок, отождествляю себя с их идентичностью	1	2	3	4	5
Я крайне редко пробую новые продукты, если меня в целом устраивают те, что я приобретал раньше	1	2	3	4	5

Persuasion knowledge¹²	<i>Scales</i>				
Я хорошо осведомлен о технологиях, которые применяют компании для того, чтобы стимулировать потребление собственных продуктов	1	2	3	4	5
Я с легкостью вижу, какую тактику ведения переговоров применяет при общении со мной менеджер по продажам	1	2	3	4	5
Я точно знаю, когда компании пытаются давить на меня ради продажи	1	2	3	4	5
Я хорошо определяю, когда предложение бренда несет скрытые условия	1	2	3	4	5
Я с легкостью определяю, если предложение о покупке слишком хорошо, чтобы быть правдой	1	2	3	4	5
Я без труда могу отличить реальность от вымысла маркетологов, когда вижу рекламу	1	2	3	4	5

Advertisement skepticism³	<i>Scales</i>				
В целом, реклама является надежным источником информации о продуктах	1	2	3	4	5
В целом, реклама правдиво отражает свойства продуктов	1	2	3	4	5
Я могу полагаться на рекламу при выборе продуктов	1	2	3	4	5
Главной целью рекламы является информирование потребителя	1	2	3	4	5
После просмотра рекламы я чувствую, что был правильно проинформирован	1	2	3	4	5
Меня не раздражает большой поток рекламы	1	2	3	4	5

Marketing literacy⁴	<i>Scales</i>				
Когда я встречаю рекламу, я могу определить, какие техники были использованы для убеждения купить этот товар	1	2	3	4	5
Я знаю, в какие именно организации обратиться в случае, если я приобрел некачественную продукцию	1	2	3	4	5
Я могу эффективно реагировать на попытки маркетологов манипулировать моим поведением и сознанием	1	2	3	4	5

¹ Balázs, Bene, Hidegkuti, 2017

² Bearden, Hardesty, Rose, 2001 Barksdale, Darden, 1972

³ Obermiller and Spagenberd, 1998

⁴ Macdonald, Uncles, 2007

Marketing cynicisms⁵⁶	<i>Scales</i>				
Большая часть компаний озабочена только получением прибыли, а не обслуживанием интересов потребителей	1	2	3	4	5
Компании не ограничивают себя этическими нормами при продвижении и продаже своих продуктов	1	2	3	4	5
Большинство фирм готовы обмануть или ввести потребителей в заблуждение, чтобы достичь собственных целей, поэтому мне лучше игнорировать все маркетинговые предложения, с которыми я сталкиваюсь на рынке	1	2	3	4	5
Социально-этические шаги компаний (например, поддержка общественно-важных вопросов и участие в решении таких проблем) продиктованы лишь желанием завоевать доверие потребителя обманным путем, чтобы увеличить свою прибыль	1	2	3	4	5
Экологические инициативы компаний – это всего лишь способ для них заработать больше, создавая благоприятный имидж	1	2	3	4	5
Я не могу доверять компании, пока она не заслужила свою репутацию					
Большинству компаний сложно доверять – их действия непрозрачны и вызывают вопросы	1	2	3	4	5

Trust sources	<i>Scales</i>				
При выборе продуктов я больше доверяю отзывам об этих товарах на сайтах-отзовиках, чем рекламе или официальной информации бренда	1	2	3	4	5
При выборе продуктов я больше доверяю информации от потребителей в социальных сетях, чем рекламе или официальной информации бренда	1	2	3	4	5
При выборе продуктов я больше доверяю отзывам своих знакомых, чем рекламе или официальной информации бренда	1	2	3	4	5

Trust enforcement	<i>Scales</i>				
Я наверняка стану доверять компании, которая активно вовлекает своих пользователей в диалог	1	2	3	4	5
Я наверняка стану доверять компании, которая демонстрирует принципы открытости и прозрачности	1	2	3	4	5
Я наверняка стану доверять компании, авторитетность которой подтверждается мнением экспертного сообщества в этой области	1	2	3	4	5
Я наверняка стану доверять компании, которая пропагандирует и исповедует те же ценности, что и я					
Я наверняка стану доверять компании, которая ценит своего покупателя и демонстрирует это своим поведением					
Я наверняка стану доверять компании, которая заслужила хорошую репутацию у потребителей					
Я наверняка стану доверять крупной и известной компании					

⁵ Mohr, Eroglu and Scholder, 1998

⁶ Barksdale, Darden, 1972

Demography	<i>Scales</i>	
Ваш пол	Женщина	Мужчина
Ваш возраст		