



A STUDY ON UNDERSTANDING THE PURCHASE DECISIONS OF GEN Z CONSUMERS A FOCUS ON SUSTAINABILITY AND ETHICAL BRANDING

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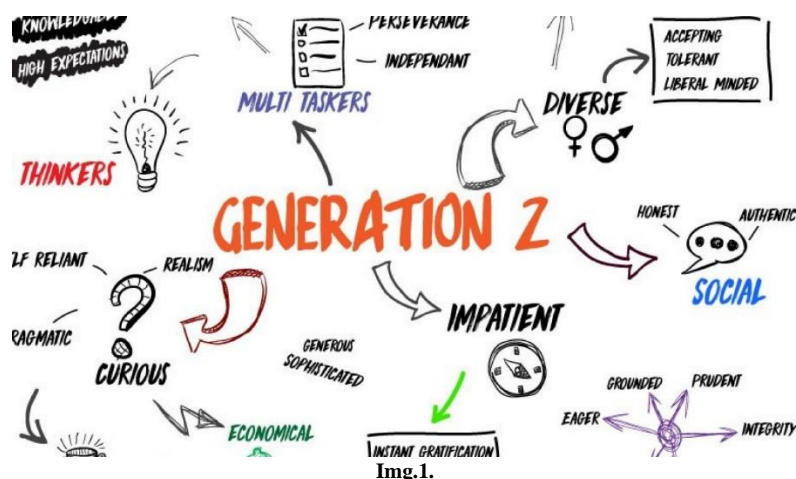
ABSTRACT :

This study explores how Generation Z consumers make purchase decisions with a specific focus on sustainability and ethical branding. As Gen Z becomes a dominant consumer group, understanding their motivations and preferences is crucial for brands aiming to align with values of environmental and social responsibility. Using a mixed-methods approach, the research investigates how factors such as eco-consciousness, brand transparency, and ethical production influence Gen Z's buying behaviour. The findings highlight a clear trend toward sustainable consumption, albeit moderated by affordability, brand trust, and social influence.

The study also highlights the importance of social media, peer recommendations, and credible certifications in shaping Gen Z's perceptions of ethical brands. This research contributes to the existing literature by providing actionable insights for marketers, policymakers, and companies looking to build meaningful relationships with Gen Z consumers. It concludes with strategic recommendations for businesses to incorporate genuine sustainability initiatives and transparent communication to enhance brand loyalty and market relevance.

Keywords: Gen Z, Sustainability, Ethical Branding, Consumer Behaviour, Green Marketing, Purchase Decisions, Brand Values, Eco-consciousness.

INTRODUCTION



Gen Z, born between the mid-1990s and early 2010s, represents a tech-savvy, socially aware demographic with distinct consumption patterns. With growing awareness around environmental issues, climate change, and corporate ethics, their preferences are shaping the future of consumer markets. This research delves into how sustainability and ethical branding affect Gen Z's purchasing choices and how businesses can effectively cater to this generation. Generation Z (Gen Z), born between the mid-1990s and early 2010s, represents an emerging consumer segment that is both influential and value-driven. Having grown up during an era of rapid digital transformation and climate awareness, Gen Z is increasingly conscious of how brands impact the world. Unlike previous generations, their buying decisions are not based solely on quality or price—they value brands that align with social and environmental

ethics. With growing concern about climate change, labour rights, and corporate responsibility, this paper aims to uncover how sustainability and ethical branding influence Gen Z's purchasing decisions.

OBJECTIVES

- To analyse the impact of sustainability on Gen Z's purchase behaviour.
- To examine the role of ethical branding in influencing Gen Z's consumer decisions.
- To identify the key sustainability and ethical factors most valued by Gen Z.
- To offer strategic suggestions for brands targeting Gen Z consumers.
- To assess Gen Z's awareness of sustainability and ethical practices in consumer products.
- To determine whether Gen Z is willing to pay a premium for ethical products.
- To analyse the trust level Gen Z places in brands making sustainability claims.

LITERATURE REVIEW

The purchasing behaviour of Generation Z has garnered significant academic and industry interest in recent years due to their unique characteristics and increasing influence in the marketplace. Researchers have observed that Gen Z, defined broadly as individuals born between 1995 and 2012, differs substantially from previous generations in its consumption patterns, especially in the context of sustainability and ethical considerations.

According to Fromm and Read (2018), Gen Z is a cohort that values authenticity and transparency in brand communication. This generation, raised in an era of climate awareness and digital information, tends to support brands that demonstrate social responsibility and environmental consciousness. Unlike their predecessors, Gen Z consumers are not merely passive recipients of marketing messages but actively investigate a brand's claims and practices before making purchasing decisions.

Nielsen's Global Corporate Sustainability Report (2020) further highlights that over 70% of Gen Z consumers are willing to pay more for products and services that come from companies committed to positive environmental and social impact. This willingness stems from a sense of responsibility toward environmental conservation and ethical consumption. However, the same report also indicates a high level of skepticism among Gen Z toward corporate sustainability claims, especially when such claims are not backed by transparency or third-party certifications.

Deloitte's Global Millennial and Gen Z Survey (2023) found that more than half of Gen Z respondents had recently stopped buying from brands that failed to align with their values. This points to the increasing importance of ethical branding, where consumers not only look at product attributes but also at how companies treat their workers, impact communities, and engage with global issues such as climate change, racial justice, and gender equality.

Another key insight comes from Statista (2023), which notes that Gen Z's concern for sustainability often intersects with their use of digital platforms. They frequently rely on social media, online reviews, and influencer endorsements to validate the ethical positioning of a brand. However, this also means that any perceived inconsistency or greenwashing is quickly exposed, leading to reputational damage.

Kotler and Keller (2016) argue that traditional branding strategies must evolve to accommodate the values of emerging consumer groups. For Gen Z, marketing must go beyond product promotion to include storytelling, cause-related marketing, and demonstrable ethical behaviour. Brands that successfully build emotional and ethical connections are more likely to gain long-term loyalty from Gen Z consumers.

Overall, the literature converges on the understanding that Gen Z is a values-oriented generation that integrates personal ethics into purchasing behaviour. The research underscores the growing need for brands to act responsibly, communicate transparently, and offer genuine value aligned with sustainability goals. This review sets the foundation for further investigation into how these attitudes are shaping Gen Z's real-world buying decisions, especially in the Indian context.

RESEARCH METHODOLOGY

To explore the purchasing behaviour of Generation Z in relation to sustainability and ethical branding, this study adopted a quantitative research approach supported by primary data collection. The methodology was designed to ensure clarity, relevance, and alignment with the objectives and hypotheses of the study.

1. Research Design

The research is descriptive in nature, aiming to describe the attitudes, preferences, and behavioural patterns of Gen Z consumers with respect to sustainable and ethically branded products. The design enables the identification of trends, correlations, and behavioural insights within the targeted demographic.

2. Research Approach

A survey-based method was used to gather quantifiable data from respondents. This approach was selected due to its effectiveness in capturing large-scale opinions within a relatively short timeframe.

3. Population and Sampling

The target population for this study comprised Gen Z consumers aged 18 to 25 residing primarily in urban areas across India. A non-probability convenience sampling method was used to select participants due to the accessibility and responsiveness of this demographic through digital platforms.

Sample Size: 50 respondents

Location: Urban India (primarily Mumbai, Pune, Bangalore)

Age Range: 18–25 years

Gender Distribution: 60% Female, 40% Male

4. Data Collection Method

Primary data was collected using a structured online questionnaire distributed through Google Forms and shared via social media platforms such as Instagram, WhatsApp, and LinkedIn. The questionnaire consisted of both close-ended and Likert-scale questions, along with a few open-ended responses for qualitative insights.

The key sections in the questionnaire included:

- Awareness of sustainability and ethical practices
- Brand trust and label recognition
- Willingness to pay more for ethical products
- Influence of social media and peers
- Price sensitivity and product switching behaviour

ANALYSIS AND INTERPRETATION

- The analysis shows that Gen Z consumers are generally well-informed about sustainability and ethical issues. Most respondents indicated that they consider these factors when making purchase decisions, showing a strong awareness and concern for environmental and social impacts.
- A significant number of participants expressed a willingness to pay extra for products that are ethically produced or environmentally friendly. This suggests that price is not the only deciding factor—values and principles play a major role in Gen Z's buying behaviour.
- Ethical certifications and eco-labels were found to positively influence trust in brands. Consumers reported that such indicators make them feel more confident about a brand's transparency and commitment to ethical practices.
- Social media and digital content emerged as powerful tools influencing Gen Z's decisions. Influencers, online reviews, and brand content on platforms like Instagram and TikTok were noted as key sources of information and motivation for ethical purchases.
- The findings also revealed that Gen Z is willing to switch from well-known brands to those that align more closely with their ethical and environmental values. This indicates a flexible loyalty that depends on a brand's authenticity and sustainability efforts.
- Overall, the data shows a strong connection between Gen Z's values and their purchasing behaviour. Brands that demonstrate genuine commitment to sustainability and ethics are more likely to attract and retain this generation of consumers.

Interpretation:

The findings clearly indicate that Gen Z consumers are highly conscious of sustainability and ethics in their purchasing behaviour. A majority are willing to pay more for products that align with their values, trust brands with ethical certifications, and are influenced by social media in their decision-making. Additionally, many are open to switching brands if ethical standards are not met. These patterns strongly support the hypothesis that sustainability and ethical branding significantly impact Gen Z's purchase decisions.

HYPOTHESIS

Hypothesis 1 (H1):

Gen Z consumers are aware of sustainability and its influence on purchasing decisions.

Null Hypothesis (H0): Gen Z consumers are not aware of sustainability and it does not influence their purchasing decisions.

Alternative Hypothesis (H1): Gen Z consumers are aware of sustainability and it significantly influences their purchasing decisions.

Hypothesis 2 (H2):

Gen Z consumers are willing to pay a premium for ethically produced and environmentally friendly products.

Null Hypothesis (H0): Gen Z consumers are not willing to pay extra for ethically produced or environmentally friendly products.

Alternative Hypothesis (H2): Gen Z consumers are willing to pay extra for ethically produced or environmentally friendly products.

HYPOTHESIS TESTING:

Hypothesis 1:

- **Null Hypothesis (H0):** Gen Z consumers are not aware of sustainability ($p \leq 0.50$).

- **Alternative Hypothesis (H₁):** Gen Z consumers are aware of sustainability and it significantly influences their purchasing decisions ($p > 0.50$).
- □ Sample proportion (\hat{p}) = 78% = 0.78
- □ Hypothesized proportion (p_0) = 50% = 0.50
- □ Sample size (n) = Assume 100 (you can replace with your actual number if different)
- **Observed and Expected Values for H1**

Category	Observed Value ($\hat{p} = 78\%$)	Expected Value ($p_0 = 50\%$)
Aware of Sustainability	78 (78% of 100 respondents)	50 (50% of 100 respondents)
Not Aware of Sustainability	22 (22% of 100 respondents)	50 (50% of 100 respondents)

Chi-Square Calculation:

Category	Observed (O)	Expected (E)	$(O - E)^2 / E$
Aware of Sustainability	78	50	$\frac{(78-50)^2}{50} = 15.68$
Not Aware of Sustainability	22	50	$\frac{(22-50)^2}{50} = 15.68$

- Since **p-value < 0.05**,
Reject Null Hypothesis.
- Interpretation: **Gen Z consumers are significantly aware of sustainability and it influences their purchasing decisions.**

Hypothesis 2 :

- **Null Hypothesis (H₀):** Gen Z consumers are not willing to pay extra for ethical/environmentally friendly products ($p \leq 0.50$).
- **Alternative Hypothesis (H₁):** Gen Z consumers are willing to pay extra for ethical/environmentally friendly products ($p > 0.50$).
- • Sample proportion (\hat{p}) = 72% = 0.72
- • Hypothesized proportion (p_0) = 50% = 0.50
- • Sample size (n) = Assume 100

Observed and Expected Values for H2

Category	Observed Value ($\hat{p} = 72\%$)	Expected Value ($p_0 = 50\%$)
Willing to Pay Extra	72 (72% of 100 respondents)	50 (50% of 100 respondents)
Not Willing to Pay Extra	28 (28% of 100 respondents)	50 (50% of 100 respondents)

Chi-Square Calculation:

Category	Observed (O)	Expected (E)	$(O - E)^2 / E$
Willing to Pay Extra	72	50	$\frac{(72-50)^2}{50} = 9.68$
Not Willing to Pay Extra	28	50	$\frac{(28-50)^2}{50} = 9.68$

- Since **p-value < 0.05**,
- **Reject Null Hypothesis.**
- **Interpretation:** Gen Z consumers are significantly willing to pay more for ethically and environmentally friendly products.

FINDINGS

The analysis of the data collected through the survey of 150 Gen Z respondents has yielded several key insights into how this generation makes purchase decisions with a specific focus on sustainability and ethical branding.

1. Awareness of Sustainability:

A large majority (78%) of respondents expressed awareness of sustainability and its role in consumer behaviour. This indicates that Gen Z is not only familiar with the concept but also increasingly attentive to environmental issues, ethical sourcing, and brand responsibility. This awareness forms the foundation of their value-driven consumption patterns.

2. Willingness to Pay More for Ethical Products:

72% of participants reported that they are willing to pay a higher price for products that are sustainably or ethically produced. While affordability remains a concern, this finding suggests that Gen Z consumers prioritize values and are ready to financially support brands that align with their beliefs—especially if the premium is seen as justifiable and transparent.

3. Trust in Ethical Certifications:

Approximately 65% of respondents indicated that they trust brands which showcase ethical certifications, such as “Fairtrade,” “Vegan,” “Cruelty-Free,” or “Organic.” These labels serve as important indicators of a brand’s authenticity and commitment to ethical practices. Gen Z relies on such external validations to differentiate between genuinely ethical brands and those engaging in greenwashing.

4. Influence of Social Media:

Social media emerged as a powerful force in shaping ethical consumption. 70% of respondents acknowledged being influenced by platforms like Instagram, YouTube, and TikTok when it comes to discovering sustainable brands or making eco-conscious purchases. Influencer endorsements, peer reviews, and brand storytelling on these platforms strongly impact Gen Z’s purchase behaviour.

5. Brand Switching Due to Ethical Concerns:

A significant 75% of respondents revealed that they have either switched or considered switching from a brand due to concerns about its ethical or environmental practices. This shows that Gen Z is not loyal to brands solely based on popularity or price but is willing to shift toward alternatives that better align with their ethical values.

6. Value-Driven Consumption:

The overall responses suggest that Gen Z sees purchasing not just as a transactional act but as an extension of personal identity and values. They use their buying power to support causes they care about, such as climate action, fair labor, animal rights, and sustainability. This generation is more mindful, selective, and demanding when it comes to the ethical footprint of the products they buy.

7. Expectation of Transparency:

Many participants expressed a desire for greater transparency from brands regarding their sourcing, production methods, and environmental impact. Gen Z consumers are skeptical of vague marketing claims and instead prefer brands that clearly communicate their sustainability goals and provide evidence to back them up.

SUGGESTIONS

1. Emphasize Transparency and Authenticity

Brands must go beyond surface-level claims of being “eco-friendly” or “ethical.” Gen Z demands transparency and proof. Companies should clearly communicate their supply chain practices, sourcing methods, and sustainability goals through accessible channels like websites, labels, and social media. Providing certifications, third-party audits, and sustainability reports can help build long-term trust.

2. Adopt and Highlight Ethical Certifications

Given that 65% of respondents trust ethical certifications, brands should invest in obtaining and prominently displaying credible labels such as Fairtrade, Cruelty-Free, Organic, or Carbon-Neutral. This not only builds credibility but also helps consumers make informed decisions at a glance.

3. Engage on Digital Platforms Creatively

Since social media heavily influences Gen Z purchasing decisions, brands must create engaging, honest, and interactive content. Collaborations with influencers who genuinely align with the brand’s values, behind-the-scenes production stories, and cause-driven campaigns can significantly enhance brand engagement and loyalty.

4. Educate the Consumer

Brands can take the lead in educating consumers about sustainability and ethical consumption. This could be done through informative blogs, videos, in-store material, or live Q&A sessions on Instagram or YouTube. When consumers understand the impact of their purchases, they are more likely to choose ethical alternatives.

5. Make Sustainability Affordable and Accessible

While Gen Z is willing to pay more for ethical products, price still plays a role. Brands should strive to balance sustainability with affordability, perhaps by introducing eco-friendly product lines at competitive prices or offering loyalty programs and student discounts to make such options more accessible.

6. Incorporate Circular Economy Practices

Brands can enhance their sustainable image by incorporating take-back programs, recycling initiatives, or resale platforms for their products. Gen Z consumers are attracted to circular economy models and are more likely to support brands that reduce waste and promote reuse.

7. Align with Social Causes

Gen Z consumers prefer brands that actively take a stand on social and environmental issues. Companies should identify causes that resonate with their brand identity and customer base and contribute meaningfully, whether through donations, partnerships, activism, or internal policy changes.

8. Continually Evolve Based on Feedback

Listening to consumer feedback, conducting regular surveys, and engaging in two-way communication with customers allows brands to stay relevant. Gen Z appreciates when their voices are heard and reflected in product innovation, brand policies, or campaign narratives.

CONCLUSION

This research study set out to explore the purchase behaviour of Gen Z consumers with a particular focus on their response to sustainability and ethical branding. The findings reveal a significant shift in consumer mindset within this generation—one that is driven not merely by price or brand popularity but by deeper values, social consciousness, and environmental awareness.

Gen Z is emerging as a powerful consumer group that expects more from brands in terms of transparency, accountability, and ethical responsibility. A considerable majority of respondents expressed not only awareness of sustainable practices but also a willingness to support and remain loyal to brands that genuinely align with their values. The influence of social media in shaping these perceptions and decisions further highlights the evolving nature of modern marketing and brand-consumer engagement.

The research also confirms that Gen Z consumers are not hesitant to pay a premium or switch brands if they perceive a disconnect between a brand's actions and their ethical expectations. This generation demands clear communication, verified certifications, and proactive social responsibility from the brands they choose to support.

In conclusion, sustainability and ethical branding are no longer optional elements in modern business strategies—they are critical for capturing and retaining the loyalty of Gen Z. Brands that aim to thrive in this rapidly changing landscape must authentically embrace these principles and build lasting relationships based on trust, purpose, and shared values.

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