EXPLORING GENERATION Z’S ENVIRONMENTAL CONCERNS AND ITS EFFECTS ON THEIR PURCHASING BEHAVIORS

by

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Abstract

In the last two centuries consumption has risen due to the Industrial Revolution. Consumers’ purchasing behaviors and consumption levels illustrated over the past few decades have resulted in a rise in environmental concerns among younger generations. Generation Z consists of people born from the mid-1990s to the mid-2000s and are starting to graduate college, enter the workforce, and gain a voice through voting in elections. Studies have shown that consumers are more likely to purchase products that align with their personal values or from companies who support issues that consumers are concerned about. As younger generations concern regarding the environment and sustainability rises, companies are starting to use newer solutions to illustrate that they care about these issues. However, since Generation Z is a younger group there has not been much research on how environmental concerns affect their purchasing behavior. Many companies have tried to use corporate social responsibility, green marketing, and social innovation to illustrate to consumers that they share the same concerns and are currently trying to make their products sustainable. The lack of studies over Generation Z’s preferences or how environmental issues affect their purchasing behaviors, is a serious problem for companies because this age group is estimated to make up 25% of the American population and have higher purchasing potential than previous generations. This research looks at three different tactics used by companies and makes recommendations on how they can be modified to be more authentic.

Keywords: Generation Z, environment, companies, purchasing behavior, CSR, green marketing, social innovation
Introduction

What do you hope to leave behind for the next generation once you are gone? Do you believe that your great grandchildren have a right to see all the beautiful landmarks that you were given the privilege to grow up with? Most people, especially younger generations, believe that we need to become environmentally conscious in order to protect our environment for those that come after us (Parker et al., 2019). However, through the last century there has been a trend of global warming heavily resulting from mass consumption following the Industrial Revolution (Jain & Jain, 2019). The need to produce more at a faster pace, the rise of affluenza, and the increase in population has directly led to factories producing more greenhouse gasses, the constant need to throw out a perfectly good product for something new, and massive amounts of trash ending up in landfills and the ocean (Sheykhi, 2019).

While past generations illustrated their desire to protect the environment, we can see a surge of environmental awareness within younger generations. Generation Z is an important group that companies need to pay attention to because they are at the age where they are a major portion of voters, entering the workforce, and have the power to make their own buying decisions (Williams, 2015). Generation Z, the group that follows Generation Y also known as millennials, was born between 1996 and 2015 (Panwar & Mehta, 2019). Most studies regarding eco-friendly companies or products focus on the scientific aspects and the studies that focus on population tend to leave out or disregard younger generations. Gen Z is estimated to become the largest US consumer population, approximately 72 million people in the world, and is being left out of studies regarding consumers’ purchase decisions and practices (Insider, 2017). This generation is the
largest ever seen in American history and makes up approximately 27% of the population in the United States which is very important to note considering the United States is a global superpower and is one of the top importers in the world (Insider, 2017). This means that Generation Z has more buying potential than any other group in the United States and if companies want to cater to a group that some studies have previously ignored they need to first understand what type of products this group wants to buy and what causes them to be loyal to some companies over others (Williams, 2015).

For a member of Generation Z one of the most important topics today is the environment (Dudharejia, 2020). More specifically it is how society can become socially responsible so that we do not destroy this Earth for future generations. As large corporations and mass consumption have become more prominent in today’s society, both sides have searched for new and efficient ways to take on responsibility in regards to the environment. This research will focus on generations’ purchasing behaviors, how Generation Z’s consumption behavior and concern affects their purchase decisions, and some of the practices that companies are using to illustrate that they share these concerns or values.

The remainder of this thesis is organized as follows: we provide background research on what effects various generations consumption behavior, we will discuss Generation Z’s unique purchasing behavior, and then look at how their environmental concerns differ from previous generations. After presenting this research and data, the thesis will discuss some of the practices companies have used to demonstrate that they share these concerns and build a stronger, more trusting, relationship with younger
generations like Gen Z. In this section we will look at the history of these practices, the advantages and disadvantages, and how some companies have tried to modify the practice to make them more successful. Finally, we will conclude this thesis by looking at some of the research limitations and areas for further research.

**Literature Review**

**Global Warming**

As scientists have previously stated the Earth has a natural warming rate that causes temperatures to rise and lead to other environmental issues. However, countless studies have proven that humans are the number one, and most dangerous, cause of global warming due to the large amount of greenhouse gasses that we release into the atmosphere every single day (Houghton, 2009). These gasses help trap the heat produced from the sun in our atmosphere, otherwise known as the Greenhouse Effect, and leads to an overall warming of the planet (Raghuraman et al., 2019). This is what we know as global warming and it has been proven to be the cause of many environmental changes such as: rising sea levels, the intensification of extreme weather events, and organisms dying due to changes in their environment that they cannot withstand (McNall, 2011). National Geographic has stated that wildlife is struggling to keep up (Nunez, 2019) and how we are treating the planet has led to the loss of habit for many endangered species.

Whether you believe that the Earth is warming on its own, that humans are the cause of global warming, or that the warming is due to a combination of various factors there are very serious consequences due to climate change. Mankind has increased the amount of greenhouse gasses in the atmosphere by an estimated 33% since the Industrial Revolution. It has been stated that “the present consumption patterns cannot be met by a
finite planet, and two planets shall be required to meet the ever increasing consumption” (Jain & Jain, 2019, p. 475). Many have argued that we are already past the point of no return, so why should we bother using any efforts to try to stop what has already been set in motion. The answer: OUR future! Younger generations, like Gen Z, have been described as open minded and due to the increasing access to technology they have become more aware of the issues that are prominent in today’s society (Seemiller & Grace, 2016). As we can see with the protests on climate change, these demonstrations are being led by the youth. For example, Greta Thunberg has played a major role in inspiring people to take to the streets of major global cities and demand for their government to do something to change our situation. She recently spoke to the United Nations and stated that “the eyes of all future generations are upon you. And if you choose to fail us I say we will never forgive you. We will not let you get away with this. Right here, right now is where we draw the line” (Nations, 2019). Companies and countries need to pay attention because younger generations are very concerned about this issue and Generation Z is finally old enough to take on the role of the consumer, while also holding companies to a higher standard than previous generations did. In “Healthy Lifestyle and Behaviors of Z Generation” the authors stated that they “have found that in several cases, corporations and organizations are not aware of the knowledge possessed by their human capital, nor do they know what kind of knowledge they could utilize” which further proves the point that companies need to learn more about younger generations if they want to sell their products to a larger market (Bencsik et al., 2019, p. 298).
Due to the increasing threat of climate change it is up to everyone to play their part in helping us create a more sustainable environment for our future. This includes everyone from consumers to companies, no matter the size. In today’s age companies have a way of making individuals feel guilty about climate change and that they should be doing the most to combat climate change like going vegetarian or vegan, recycling, running less water, etc. In reality companies have a larger, more negative, impact on global warming because they produce mass amounts of waste and carbon emissions, and they need to work just as hard, if not harder, to reduce their impact on our world (Riley, 2017).

**Historical Overview of Consumption Practices**

As stated above one of the worst causes for global warming, especially in developed countries, is the rise in consumption over the last century. During the Industrial Revolution, people were paid better wages and advocated for better working conditions in the factory which led to society having more time for leisure and more money to spend on items that were previously deemed unnecessary (Allen, 2017). Society started buying more and tactics like layaway and credit were introduced which furthered the rise in consumption (Dompe & Smith, 2014). However, this also led to a rise in competition in various industries which gave consumers more options and resulted in companies trying to compete with each other for ‘wealth’ (Kuperman & Wio, 2002). In a day where few companies monopolized the marketplace they did not have to stand out to sell a product because they were the only company, or one of the very few, that could offer what the consumer was looking for. This is where we can also see a rise in Fordism which used mass production to produce one option for consumers to buy (Watson, 2019).
However, today’s world is described as Post-Fordism because it allows for flexibility which means that there are more options on the market and customers can even have their products customized to fit their needs (Scott et al., 2005). While the rise in consumption is great news for the CEO of a major corporation, it also forces marketers to focus on what the consumer wants because if that company does not offer it they will be losing money to their competition.

Developing countries also play a large role in the irresponsible use of factories and production in efforts to fuel mass consumption (Alderman & Paxson, 1994). Many companies are building factories in developing countries where cheaper labor is found so that they can increase their profit margin (Feenstra & Hanson, 1996). However, some of these developing countries have suffered over the years due to imperialism and urbanization which have led to political instability, lack of capital, rebellions, etc. that have resulted in very loose rules, if any, being put in place to regulate these businesses (Sheykhi, 2019). One of the reasons that companies are so easily drawn to these locations is because their promise to bring jobs to the people and boost the economy keeps politics from standing in their way of potentially damaging the environment that exists there. While these cities also have issues due to high transportation rates, unsafe sanitation management, and many other reasons, it is safe to argue that the factories producing companies’ products cause more damage by releasing massive amounts of greenhouse gasses and leading to enormous amounts of waste sitting in landfills or making its way into the waterways (H. Wang et al., 2003).
Due to the mass consumption seen in the last century, concerns about the environment have been raised by younger generations. Various age groups have been studied in the past, however technology has increased at such a rapid pace that people born in the 1990s and people born in the 2000s are very different from one another (Circella et al., 2016). While many younger generations, like Gen Y and Gen Z, think alike Generation Z has expressed various concerns about companies impact on the environment and how products can be more sustainable for our future planet.

Generational Cohorts

For years, demographers have grouped people into generational cohorts and compared them to study economic trends, political ideologies, and social trends over time (CNN, 2019). For the purpose of this thesis, we will look at the Silent Generation, Baby Boomers, Generation X, Millennials (also known as Generation Y), and Generation Z. We will use these groups because throughout most of the world the Silent Generation is the oldest, since the oldest people in this group were born almost 100 years ago, and Generation Z is the youngest group of people that are becoming global consumers. It is important to note that generation beginning and end dates differ based on sources, so for the purpose of this thesis we will use Pew Research to define the timeline for each cohort.

In the overview of generations, we will also define some of the historical events or major changes that took place during certain generations’ childhood. The generational cohort theory hypothesizes that significant events and social changes are what alter people’s attitude, beliefs, ideology, and values (Ivanova et al., 2019). This means that instead of cohorts being grouped together by age and maturity, they are grouped together by their ideology that happened to be shaped from events that they all witnesses and
learned from as children or young adults. In this section we will see how each generation is defined, study some of their unique purchasing behaviors, and discuss how companies have marketed their products to these demographics.

The Silent Generation

The Silent Generation groups together some of the oldest consumers in today’s markets and has seen a large decline in population size over the last few decades. Born between 1928 and 1945, after World War I and during the Great Depression, this demographic was more cautious than their parents due to the economic climate that shaped their childhood (CNN, 2019). However, the Silent Generation was blessed with the economic prosperity following World War II and low birth rates in the 1930s and 1940s which resulted in a larger demand for labor than there were workers and increased American wages (Howe, 2014). These characteristics and the events that defined this cohort helped lead to a rise in consumption among the Silent Generation, the formation of larger corporations, and more competition in the marketplace which has drastically changed their consumption behaviors.

This cohort is very traditional and is known for supporting patriotism, simplicity, conservatism, and traditional family values. When comparing The Silent Generation to Baby Boomers and Millennials, the former scores much higher for a sense of patriotism among different generations (Adams & Gay, 2019). Due to these old-fashioned values companies have largely marketed products to this generation by using images that illustrate strong family and community bonds, patriotism, and respect (Bedgood, 2019). Since this demographic is more traditional than most, marketers must also understand how to connect with this generation by utilizing communication methods that this cohort
understands. For example, the Silent Generation is the oldest cohort still alive today and did not have major technological inventions, like the Internet and smartphones, for the first half of their life. Previously advertisers reached their target market through printed materials like direct mail, newspapers, magazines, and other forms of written communication (Linton, 2019). While some consumers in the Silent Generation have adapted with technology, the majority prefer companies to reach out to them through direct mail, newsletters, postcards, etc. because they find technology difficult to use and have a desire for things to be like the ‘good old days’ (Bedgood, 2019).

Members of the Silent Generation are the wealthiest among all generations and have remained active consumers in industries that focus on housing, healthcare, financial services, and travel (Bedgood, 2019). It is important to notice that this generation tends to spend more money in industries like travel and healthcare than retail, education, or entertainment because they have little need for products sold in the latter industries. This generation’s consumption behaviors also focus on time and price since much of the population has been retired for years. The Silent Generation values bargains and since they are no longer working they have the time to wait until products go on sale before purchasing them (Costin, 2019). This generational cohort is also known to create shopping lists and clip coupons before they run errands, so that they do not buy products on impulse and know what products are on sale before they enter the store (CNN, 2019). They also very rarely buy their products online and like to go to specific stores once they know what they are looking for (Costin, 2019). Since this demographic focuses on bargains and has lived most of their lives without any environmental issues being highlighted, they continue to buy products that are more convenient rather than products
that are environmentally friendly or more sustainable. Age has played a major role in how the Silent Generation behaves as consumers because retirement gives them more time to research a product or go shopping, but less income to spend on products which results in them shopping for products that are cheaper or more convenient.

**Baby Boomers**

Baby Boomers make up some of the oldest consumers for global markets since most of the Silent Generation is retired and under the care of others due to old age. This demographic is characterized as being born between 1946 - 1964 and was impacted by the Civil Rights in the 1960s. This generation saw an increase in births after the return of soldiers from World War II and was named due to the large amount of people born in a short period of time (CNN, 2019). Baby boomers were born in a time of economic prosperity after America won the war, but unfortunately witnessed a major recession in the 1980s that has led to many people in this group waiting to retire later in life. Pew Research has illustrated that Baby Boomers give their quality of life a lower rating than any other generation and are very concerned about financial issues (“Baby Boomers,” 2008).

The 1980s recession affected this generational cohort in multiple ways by making them anxious about finances, value working so much that they coined the term ‘workaholics’, and impacting their basic consumption behaviors (“Baby Boomers,” 2008). Since this generation was a part of the working middle class during the 1980s recession and many people faced unemployment, it made members more conscious when shopping for products. Baby Boomers, like the Silent Generation, mainly go to the store with pre-made shopping lists and use coupons when buying their products (Jeyes, 2019)
because this was necessary when money was tight and they became used to only buying the essentials. However, Baby Boomers are also more likely to choose products from brands that they believe have truthful ads and price products fairly. This generation is also known as the ‘me generation’ because people started to shift to self-centered and individualistic attitudes where they wanted to know how products would benefit themselves (Rutigliano, 2017). This is where companies started to see consumers’ distrust for their products and a surge in individualism when deciding on what product to buy (Parment, 2013). While the Silent Generation bought products that were recommended by friends and family or illustrated similar values, this generation decided to start making their own decisions about a company and its’ products. This demographic has extremely traditional values and tends to buy products based on brand, their trust in the company, and the product’s ease of use (Jeyes, 2019) which means that environmental concerns are less likely to affect this demographic’s purchasing behavior.

While Baby Boomers share many traditional values with the Silent Generation, they are more social than the previous generation. Since Baby Boomers remain very adamant in what companies they are loyal to, they have illustrated that they like to be rewarded for their loyalty to these companies (Bedgood, 2019). This has resulted in many companies targeting this demographic by creating loyalty programs that provide the customers with some type of reward for shopping with them frequently. Surprisingly, Baby Boomers have seen the largest jump in demographics using social media sites and 82% of this cohort uses at least one social media platform (Bedgood, 2019). While Facebook is the most popular social media platform for this generation, they spend an estimated twenty-seven hours a week online and spend around $7 billion annually online
(Bedgood, 2019). This has led to an increase in the number of companies that are advertising their products on social media sites like Facebook in hopes of targeting this large demographic. Forbes has stated that since this generational cohort is very individualistic, it is important for marketers to know this in order to highlight the benefits this product provides for the person using it (Rutigliano, 2017). While Baby Boomers also watch television where they are just as likely to see an advertisement for a product, studies have shown that more than 50% of the people in this group that use social media are more likely to visit a company’s website or continue to research the product (Bedgood, 2019).

**Generation X**

Generation X is also known as ‘Latchkey kids’ due to the increase in daycares and parental divorce children witnessed during this time period (*Generations X,Y, Z and the Others*). This resulted in a large demographic described as self-reliant, independent, and entrepreneurial (Katz, 2017). They tend to believe in the idea of working smarter, not harder, reject rules, mistrust institutions, and value family time (Katz, 2017). Since this generational cohort saw a decline in familial values as children, they have committed themselves to creating a much sturdier home life than they had which has resulted in them spending most of their money in the housing, restaurant, and retail industries (Bedgood, 2019). However, this generational cohort is also at the stage in life where most are working and raising a family simultaneously which leads them to make purchase decisions based on convenience. According to a report by the Convenience Store News, Generation X is more likely to buy products from online retailers like Amazon than any other generation due to their busy schedules and the convenience of Amazon Prime.
(Swain-Wilson, 2018). While this generation spends about $322.5 billion annually (Bedgood, 2019) and are seen as deliberate over spenders, they spend much less than other generational cohorts.

Generation X, born in the 1960s and 1970s, grew up during and slightly after politics shifted towards issues regarding the environment (CNN, 2019). Impacted by a vast array of historical events like Watergate, AIDS, the Vietnam War, the introduction of MTV, and much more, Generation X is one of the first generational cohorts that started to demand social, political, and environmental change. In the 1970s American citizens celebrated the first Earth Day, witnessed the publication of “Silent Spring” and saw Congress pass the Clean Air Act and Clean Water Act (Coughlin, 2018). The acknowledgment of the negative impacts that society, corporations, and individuals have on our environment drastically changed how younger generations felt about environmental issues. Generation X followed Baby Boomers in taking a more physical approach to these issues by volunteering to clean riverbanks, pick up trash, rescue sea turtles, etc. (Coughlin, 2018) and studies have not seen signs of environmental concerns having a drastic impact on their consumption behaviors.

As the rise of the Internet came when most people in this demographic were in their teens to mid-twenties, many of them created their first email accounts which was used as a major form of communication during this time. This has affected how Generation X is marketed to today, because about 8 out of 10 people in this group claim that they prefer email marketing (Bedgood, 2019). Like Baby Boomers Generation X’s favorite social media platform is Facebook where they enjoy sharing content with others.
This means that many companies aiming to connect with this generation are utilizing social media to create interactive ads to sell their products. However, due to Generation X being very busy in their everyday lives they prefer promotional emails or online ads that get straight to the point or else they will stop paying attention to the message the organization is trying to relay about their products (Bedgood, 2019). Generation X also has a tendency to grant companies with long term loyalty if they give out free items or coupons, so companies have focused on creating subscription lists where they will send out emails involving coupons or deals to customers that are subscribed (Bedgood, 2019).

**Millennials**

Millennials, also known as Generation Y, were born between 1981 and 1996 and grew up with the early stages of the Internet at their disposal which helped spread global information at a much faster pace (Dimock, 2019). The rise of the Internet highlighted major historical events that impacted this generational cohort like Y2K, the O.J. Simpson trial, the death of Princess Dianna, and the Columbine shooting. In 2014, the number of millennials in the United States surpassed the number of Baby Boomers (CNN, 2019) which means that younger people now make up a much larger percent of American consumers. This generation is also the second most racially and ethnically diverse, following Generation Z, which has led this demographic to be more open-minded, optimistic, and acceptant of change (Paulin, 2018).

Generation Y, or millennials, has been defined as ambitious which explains why an estimated 40% of people age 25 to 29 obtain a bachelor’s degree or higher (Graf, 2017). This has created more educated consumers that are willing to do research about products before they buy them instead of focusing on brand loyalty or bargains like Baby
Boomers and the Silent Generation have done in the past. This demographic was raised in dual income or single parent households which led to them becoming more involved in family purchases like automobiles, groceries, and clothing (Generations X, Y, Z and the Others). Millennials are relationship oriented and enjoy connecting with others which has led them to make purchase decisions based on others’ recommendations (Ngotngamwong, 2019). About 61% of millennials polled stated that they trust a friend’s endorsement of a product, and 48% of this group say that they trust website reviews (Bedgood, 2019). Online reviews for products have become very popular among millennials because they are individualistic but group oriented which means that they want to be unique and supported by their peers’ opinions (Costin, 2019). Over half of millennials also believe in climate change and that it is caused by human activity which is where we see this demographic shift to purchasing products that are environmentally responsible (Parker et al., 2019). Companies have started creating products that illustrate social responsibility or are environmentally friendly because millennials have more options than previous generations did and if they do not like a company’s products they can take their business elsewhere. The number of millennials in the United States, the importance placed on education in this demographic, and the increased diversity in this group has led to more competition in the marketplace as these consumers are more specific about what benefits their products must provide (Rainer & Rainer, 2011).

Millennials have illustrated over time their desire for individualism and products that support the values that they believe in which has led many companies to focus on creating products that meet millennials’ demands. Since this generation grew up with Internet access it is no surprise that this is an easy and fast way for companies to connect
with them, however they tend to prefer user generated content (Bedgood, 2019). For example, millennials strongly enjoy when companies have contests with prizes or where artists can submit their work to create content for the brand because it evokes a sense of community (Bedgood, 2019). Companies have also marketed their products to this demographic by utilizing social media influencers to create content that promotes specific products (Barker, 2020). Since millennials surpassed Baby Boomers in population, it is extremely important for companies to focus on millennials’ product desires and know how to market to this demographic.

**Generation Z**

Generation Z is classified as people that were born between the mid-1990s and early 2000s, after the introduction of the World Wide Web (Wood, 2013). Some of the major events during their childhood include the 9/11 terrorist attacks, the introduction of the iPod, Hurricane Katrina, the 2008 recession, and the introduction of various social media platforms. Growing up with the Internet and constant upgrades to advanced technology played a major role in who these people are today because these resources helped people of all ages access global information and connect with others at a much larger rate than in the past (Wood, 2013). The access to information and research surrounding global politics, people around the world, and the environment has influenced younger generations’ views on political and social issues. As a generation this group is very independent, highly connected through various communication networks, and values truth and authenticity (Francis & Hoefel, 2018).
Generation Z spends most of their money in the food/convenience store, travel, retail, and restaurant industries which means that much of their purchases are based on social gatherings and entertainment (Bedgood, 2019). While they are very independent, most of their money is spent when they are in social or group settings with friends and family. This demographic is also very concerned about the benefits products provide and how products affect them. For example, a Nielsen study found that 75% of this group is more likely to buy healthier food products if it is labeled vegan, organic, locally grown, or gluten free (Swain-Wilson, 2018). Generation Z has illustrated a strong sense of individuality which has led to them buying products as a form of self-expression (Francis & Hoefel, 2018). These traits have led this generational cohort to think differently from past generations and demand companies create products that fit consumers’ needs instead of the companies’ needs.

Connecting with Generation Z is the number one priority for companies today because this generation is growing rapidly and is the newest group of consumers so there is not much research about their purchase behavior yet. This generation is very skeptical of companies, and advertising must be authentic and clear to convince this demographic to use a company’s products (Bedgood, 2019). They value testimonials and reviews from their peers and often go online to hear what others have to say about a product. Social media is the number one tactic that companies are using to reach out to Generation Z because while previous generations valued celebrity endorsement this demographic looks up to social media influencers who share the same values and interests (Generations X,Y, Z and the Others). Due to Generation Z’s unique purchasing behavior and the fact that it
is getting harder for companies to connect with this group, companies must look at new ways to be authentic.

**Generational Cohort Comparison**

While each generation has its own unique traits, many of these generational cohorts share similar traits and consumption behaviors that lead companies to market specific products to larger target markets or utilize the same marketing techniques across various demographics. The Generational Cohort theory suggests that major historical events and social changes could have an impact on individuals’ values, beliefs, and attitudes (Ivanova et al., 2019) which means that different generation cohorts could share similar consumption behaviors if they were both impacted by the same events. We see the most similarities between Baby Boomers and the Silent Generation, Generation X and Millennials, and Millennials and Generation Z.

Baby Boomers and the Silent Generation remain very traditional and support patriotism, family values, and bargains (Adams & Gay, 2019). Brands communicate with the Silent Generation and Baby Boomers through print advertisements like magazines and mail which is easier for these generations to understand (Linton, 2019). These generations spend lots of their money in the healthcare and travel industries because old age and retirement comes with health issues, but also gives people time to travel that they did not have when they were working. Both generations have lots of free time which gives them more time when researching and buying products to clip coupons, make lists, and wait to buy when the price is right (Costin, 2019).
Both Generation X and Millennials desire to see products in person, but prefer to use technology to create a faster checkout because they feel pressured for time and are constantly balancing multiple things on their plate (Costin, 2019). Generation X grew up as computers were introduced to society and new innovations were not only possible but accepted (Dimock, 2019) and millennials had the advantage of Internet access in their homes while they were growing up. Millennials have also been responsible for the adoption and use of new technology and ideas like social media sites to help connect with others on a daily basis (Vogels, 2019). Technology is constantly developing and has led to an increase in informed consumers across the globe which has made companies focus more on what the consumer wants rather than what the corporation wants to create.

Generation Z and Millennials are both socially engaged, but millennials tend to remain more optimistic about social situations while Generation Z is realistic in regards to how companies create environmentally friendly products or sustainable business practices. This is extremely important for today’s corporations to consider because Gen Z makes up over 25% of the United States’ population, and many people in this group come from various backgrounds which can offer more insight on social issues like companies’ impact on the environment (Desjardins, 2019).

**Generation Z’s Consumption Behavior**

While Generation Z shares some similarities with other generational cohorts, they are their own cohort and must be researched individually to determine the best way for companies to connect with this group. Pew Research has stated that Generation Z has now surpassed millennials as the most racially and ethnically diverse cohort (CNN,
This has led to Generation Z having very different viewpoints than previous generations which has impacted their purchasing behavior.

Most importantly is that Generation Z tends to support companies and buy products that share similar values or concerns. In today’s society, younger consumers want companies to illustrate that they care about social issues by taking a stand against issues that align with consumers’ core values (Francis & Hoefel, 2018). Members of Generation Z have become more active in expressing their political views and have illustrated their desire for organizations to support the issues that consumers care about (Diaz, 2018). This generational cohort is very mistrusting which has led to about 60% of members demanding that companies be socially or ethically conscious for brands to earn the group’s trust (Swain-Wilson, 2018). In a recent survey an estimated 8 out of 10 people in Generation Z stated that they would stop buying brands and spread information about companies whose campaigns came off as racist or homophobic (Francis & Hoefel, 2018). Racial equality, job creation, and environmental sustainability are three of the top issues that consumers want companies to focus on fixing (Dudharejia, 2020). Generation Z’s concern regarding environmental sustainability has recently altered their purchasing behavior toward companies that illustrate a sense of responsibility for environmental issues.

Since one of Generation Z’s largest concerns is about the environment and how humans have affected global warming, we have seen a decline in consumers purchasing products that are not environmentally friendly. Pew Research has used digital media to study social trends among different demographics and has illustrated the urgency in
Generation Z’s desire for action against climate change. About 68% of Generation Z believes that the Earth is warming which includes the 54% of this group that believes that global warming is due to human activity (Parker et al., 2019). Recent studies have proven that consumers that are concerned about the environment are more likely to purchase eco-friendly products which has resulted in younger consumers, like Generation Z, paying more for products that benefit the environment (Datta, 2011). Companies must focus their efforts to creating marketing tactics that show their authenticity when discussing their environmental concerns because Generation Z is more skeptical than ever.

**Business Solutions**

This demographic’s realistic take on life, care for various issues facing today’s world, and their desire for companies to remain authentic has led to companies having trouble connecting with this unique generation. In this section we will look at three different solutions companies have tried to use to connect with Generation Z and illustrate their shared environmental concerns. Each solution will discuss the background of the practice, compare the advantages and disadvantages of the solution, and will include ways that companies can or have modified these strategies to connect with this generation.

**Corporate Social Responsibility**

**Definition and Background**

Corporate Social Responsibility (CSR) is defined as self-regulation by businesses through “voluntary actions… aimed at improving social or ecological conditions” (Shea & Hawn, 2019, p. 1612) in the hopes that consumers will be more trusting and loyal to the company. In “Corporate Social Responsibility” the authors stated that companies are
meant to play the role of a responsible citizen, as well as profitable tools (Tai & Chuang, 2014). This marketing tactic leads to feelings of warmth in consumers which is associated with trustworthy behaviors (Shea & Hawn, 2019). Today, Generation Z is less trusting of companies and more likely to be skeptical of the brand’s actions and true motives. Therefore, CSR has recently been utilized by various companies in hopes of connecting with younger consumers and illustrating that their company is authentic.

For centuries, there has been a social component in corporate behavior due to the influence of Roman laws, Christian religious philosophy, and allegiance to the English crown (Latapí Agudelo et al., 2019). However, the modern ideology of CSR emerged in the 1950s and 1960s after Howard Bowen expressed the idea that large corporations concentrated great power and had an impact on society (Bowen, 2013). The idea that companies needed to participate to fix social and environmental issues was strengthened by the protest culture and environmental movement in America in the 1960s (Coughlin, 2018). In the 1970s, many of today’s well known and respected corporations like Ben & Jerry’s and the Body Shop were founded with a purpose to impact public and social issues (Latapí Agudelo et al., 2019). While there has always been a need for companies to focus on society, the mid-twentieth century is where we saw society start to demand companies focus on societal issues that impacted consumers.

Today younger consumers, like Generation Z, are focused on what companies can do to combat social or environmental issues and use their brand for good. Business News Daily interviewed Katie Schmidt, the founder and lead designer of Pasion Lilie, where she stated that positive public image is critical for a company’s success because it creates
a name for your company while illustrating authenticity (Schooley, 2019). It has also been stated that CSR has been used throughout the years for companies to gain and maintain legitimacy with stakeholders, society, and regulators (Matten & Moon, 2020). While companies use this marketing tactic to build stronger relationships with consumers, it has been used to demonstrate to stakeholders and the government that the company is committed to making a difference. Matten and Moon suggest that CSR gives regulators a positive image of these companies which would make them more likely to use these products in the private sector (Matten & Moon, 2020).

Advantages and Disadvantages

One of the strongest advantages for companies when reflecting that they are socially responsible is the impact that it has on consumer’s purchasing behavior. Recently Cone Communications researched consumers thoughts and feelings towards CSR where 90% of the consumers surveyed stated that they would purchase a product if the company supported an issue they cared about and 75% of those surveyed said that they would refuse to buy a product if the company supports issues that the consumer does not believe in (Schooley, 2019). This proves that companies using CSR to build stronger relationships with consumers is working, and that if they do illustrate what their company is doing to combat these issues consumers will be more likely to buy the company’s products.

Today one of the biggest issues concerning Generation Z, the newest group of consumers marketers need to reach, is climate change and how society can become more sustainable. In 2014 the Nielsen Global Survey on Corporate Social Responsibility polled 30,000 consumers from 60 different countries to see how consumers purchasing decisions
have been affected by companies’ sustainable practices. The poll illustrated that 55% of consumers were willing to spend more money on a product or service from a company that has committed themselves to creating a positive social and environmental impact, and that 52% of consumers check the packaging of a product for the sustainable impact that it has on the environment (It Pays To Be Green, 2014).

Another reason companies have started using CSR is because it saves them money while creating a positive public image. Many studies have shown a positive correlation between CSR programs and a company’s public image (Edmondson, 2019). For example, numerous companies start to create socially responsible changes by switching to greener sources of energy. In the United States 40% of energy is used for heating, cooling, lighting, and appliance operation (Ward, 2020b) which has led many companies to use alternative sources of energy like solar energy. These various alternatives may cost money upfront, but end up saving the company money in the long run (J. Wang, 2020) while still illustrating a positive corporate image.

However, while CSR is meant for companies to illustrate an authentic commitment to combat environmental issues, some consumers see it as a way for companies to cover up their previous wrongdoings and gain more mistrust for the brand (Wans, 2020). It did not take long for companies to realize that supporting greener business practices, eco-friendly products, etc. combined with a great marketing team could result in consumers having a more positive idea of multinational corporations and increase profits for the companies (Chakrabarty & Wang, 2013). Today many companies believe that running a one-time marketing campaign will illustrate that their corporation
is responsible, but consumers’ mistrust in companies has led them to demand companies prove that they are actually implementing responsible practices in their day to day operations (Schooley, 2019). This unfortunately does not exemplify authenticity, which is extremely important for Generation Z.

Another disadvantage when using this tactic is that many companies do not care much about helping solve these issues and simply donate money to any charity with the hopes that it will make their company seem socially responsible (Schooley, 2019). This problem can be defined as corporate social irresponsibility, CSI, because it seems as if individuals or companies are acting solely for profits (Shea & Hawn, 2019).

Unfortunately, with any successful marketing campaign there are companies that try to imitate the tactic in an easier or cheaper way. Many companies try to trick consumers into believing that they are socially responsible by donating money while making no substantial changes to their business practices, products, or company’s values (Schooley, 2019). This has furthered Generation Z’s mistrust for companies because this does not present an authentic representation of their values and ethics. This generation’s growing mistrust has forced companies to conduct research and determine what steps they can take that align with the company’s core values and ethics in order to build trustworthy relationships with consumers (Latapí Agudelo et al., 2019). Since Generation Z is more likely to purchase products from an authentic company, it is essential for companies to use CSR in a way that demonstrates the company’s values and long-term commitment to sustainability.
Corporate hypocrisy is another disadvantage that companies have seen when trying to implement CSR into their day-to-day operations. Corporate hypocrisy is consumers’ belief that corporations make false claims that they are something they are not in order to mislead consumers (Losada-Otálora & Alkire (née Nasr), 2019). As companies have implemented CSR into their businesses to allude to their concern for environmental issues, many have faced backlash due to scandals that prove otherwise (Arli et al., 2019). For example, recently energy companies have tried to run campaigns that demonstrate that they are switching to alternative forms of energy to power their facilities, but they are still a company that sells oil and gas (Cherry & Sneirson, 2011). When companies try to illustrate that they are socially responsible or have a desire to protect the environment, but their mission or actions do not support these beliefs, consumers become skeptical of the company’s authenticity. This disadvantage can negatively impact consumers’ purchasing decisions because this lack of trust for an organization can overshadow company’s unique characteristics (Arli et al., 2019). Due to Generation Z’s lack of trust for larger corporations and the disadvantages of this practice, there has been a rise in beliefs that companies do not genuinely care about combatting issues like global warming.

**Suggested Modifications to Corporate Social Responsibility**

Due to Generation Z’s lack of trust in companies, brands must find a better way to illustrate that their concerns are authentic. One of the main ways companies have done this is by breaking down their plans to commit themselves to social or environmental change. In 2011 less than 20% of S&P 500 companies published reports that outlined their efforts to be socially responsible, but by 2017 an estimated 86% of these
corporations had published reports (Edmondson, 2019). Since we have seen the
advantages that CSR provides companies and consumers, this is still a reasonable
marketing tactic to use if companies modify the practice so that they can earn Generation
Z’s trust.

One of the first ways that companies have started to revamp CSR is by illustrating
that they are fully committed and that protecting the environment is a long-term goal for
the company. While Subaru does not have many models of an environmentally friendly
car, they have illustrated for over a decade that they are committed to lessening their
environmental impact by implementing a zero waste practice in their factories (Markham,
2015). Subaru’s main manufacturing plant in North America, located in Indiana, was the
first ever automobile assembly plant to achieve a zero landfill assembly process
 (“Committed to Zero,” 2017). This corporation illustrated their commitment to
minimizing the amount of waste their plants produced by reusing every material possible
and recycling was considered the last alternative to dispose of these materials (Farzad,
2011). During this time the company has also promoted the marketing campaign “Who
We Are Is What We Leave Behind” which has aligned this commitment to be socially
responsible with the company’s core values of producing products that are durable
 (“Committed to Zero,” 2017). This campaign has seen success with Subaru’s customers
because their consumers have been classified as outdoors people who are concerned
about maintaining our natural environment which has helped the company maintain a
loyal customer base (“Committed to Zero,” 2017). The company has also revamped CSR
by creating an environment where they can encourage their employees, consumers, and
other businesses to contribute to these environmental issues by sharing their knowledge
of the zero landfill process with others (Easterday, 2020). Companies like Subaru have succeeded in proving to Generation Z that their environmental concerns are authentic because they have illustrated their commitment to implement sustainable business practices over a long period of time that align with the company’s and consumers’ values.

However, one of the most effective changes companies have implemented in this marketing tactic is focusing on how they can illustrate their values when creating their products rather than focusing solely on profits. In the 1980s, the World Commission on Environment and Development released the Brundtland Report which justified the importance for sustainability development and connected it to the well-being of society since humans depended on the environment’s resources to survive (Turcsanyi & Sisaye, 2013). This report was quickly accepted by companies like Johnson & Johnson who use the Design for the Environment, DfE, process to determine potential environmental issues with their products during the development stage (Iannuzzi & Haviland, 2006). This form of CSR has seen success among consumers because companies can only fix the problems they know a product has, so instead of waiting for consumers to point out issues when the product is introduced to the market companies have spent more money to research and alter the product during the development stage. This has largely benefitted companies because they do not have as many controversies and do not have to address a problem with the product after it is introduced which has created a positive public image for the company (Iannuzzi & Haviland, 2006). While many consumers may not know that Johnson & Johnson is taking the extra step when developing their product, the company’s products have continuously illustrated the company’s environmental concerns and core values through the product’s features and environmental benefits. This has
greatly led Generation Z to believe that the company is more authentic because companies are not being told to be environmentally responsible by consumers, but instead thinking about their impact on the environment when creating their products.

While the disadvantages to CSR have furthered Generation Z’s mistrust for companies, these changes that have been made to CSR have gained consumers’ attention. Companies need to implement long term solutions to become more sustainable and develop products that focus on environmental concerns if they want any chance to prove to consumers that they are serious about combatting climate change. These corporations mentioned have recently seen success with their changes to CSR which has proved that more companies will succeed in illustrating that their values are authentic if they adopt these modifications to the practice.

**Green Marketing**  
**Definition and Background**

Green marketing has been utilized by companies for many years but pertains to a vast array of meanings. One source defines green marketing as the process of marketing a product to consumers by highlighting the environmental benefits the product provides (Ward, 2020a). In this definition, Ward suggests that green marketing is used by companies who create products that have environmentally friendly features like how Nike has started to create products that use post-consumer recycled materials (*10 Global Companies That Are Environmentally Friendly*, 2016). However, other sources include in their definition that this practice is how companies market their values and environmental concerns to their target market (Trandafilovic et al., 2017). As Generation Z has become more skeptical on companies’ authenticity, companies have started to use this tactic to
illustrate to consumers that they truly care about environmental concerns. IBM has used green marketing to market their shared values with consumers by implementing sustainable business practices like working in smart buildings that save resources, utilizing water resource management, and more (10 Global Companies That Are Environmentally Friendly, 2016). Recently, the focus of this process has been to demonstrate to consumers that companies care about the environment in the hopes that they can sell their products at a higher price (Trandafilovic et al., 2017).

Green marketing began in the 1960s, when the environmental movement in America started to gain momentum and companies began to aim their marketing campaigns at possible solutions for these varying problems (Trandafilovic et al., 2017). The 1970s, intensified consumers’ desire for change (Coughlin, 2018) and more companies saw how green marketing could target environmentally conscious consumers (Trandafilovic et al., 2017). While companies started to use this tactic to gain consumers’ trust decades before, the term ‘green marketing’ was not seen in literature until the early 1980s (Trandafilovic et al., 2017). During the 1990s, academics started to discuss green marketing with the hopes to better understand this practice, but they determined that more research was required on consumer needs and the promotion stage of this practice (Rex & Baumann, 2007). In 2007, green marketing saw a large jump in usage by companies after 2,400 trademark requests were filed for terms that used the word ‘green’ and 900 trademarks that contained the word ‘eco’ (Rex & Baumann, 2007).

While there are various definitions for the term ‘green marketing’, they all tie marketing efforts to environmental issues (Rex & Baumann, 2007). This practice was
used to create a more positive image for consumers that care about issues impacting our environment, but there are some advantages and disadvantages due to how this practice has been implemented. Since Generation Z’s consumption behavior is centered around the idea that companies should be socially or environmentally responsible, it is important for companies to focus on the advantages and disadvantages that come with green marketing before evaluating how they can modify this process to connect with this generational cohort.

**Advantages and Disadvantages**

Green marketing, when it was introduced, was a major technique that larger corporations started using mainly to persuade a consumer to buy their good, service, or idea based on the environmental benefits the product provided (Polonsky, 1994). Advertising companies and business moguls highlighted the differences that their product had that made it eco-friendly, more sustainable, easy to recycle, etc. At the beginning, green marketing was used by companies who were committed to developing sustainable products and CSR (Ward, 2020a). This practice was quickly adapted because companies realized that it was a fast way to improve their reputation and create brand loyalty with environmentally conscious consumers (Rex & Baumann, 2007). As Generation Z has become a large group of consumers in the market and has expressed their environmental concerns, companies have tried to utilize green marketing to earn this cohort’s trust and loyalty to the brand.

While this practice has been used to market companies’ products and values to consumers, it has also benefitted the brands who have used the tactic. Many companies have adopted green marketing because using greener business practices like- reducing
packaging, using recycled office supplies, switching to renewable or eco-friendly energy sources to power their factories and offices, and finding newer ways to make transportation of their products more efficient—because it can reduce their expenses while creating a positive public image (Tripathi & Monga, 2011). Studies have shown that consumers react more positively to green marketing and have an increased sense of brand loyalty to companies that illustrate a sense of social responsibility regarding topics that consumers are concerned with, like sustainability (Tai & Chuang, 2014). Utilizing this tactic can give brands an advantage in the marketplace because adults consider a product’s environmental benefits when making a purchase decision (Rex & Baumann, 2007). Green marketing also allows companies to raise the price on their products, whether it is due to the increased cost of the research and development stages or for the simple fact that they are selling their product at the ‘green price’ (Trandafilovic et al., 2017). This creates a win-win-win situation for companies because normally the greener practices save money for the company in the long run, increase profit margins due to the product’s environmental benefits, and companies are able to sell more of the product because they can market in a positive light to consumers.

However, when businesses realized how profitable this market could be companies started using this practice by making false claims to trick consumers into buying their products. For many companies the “cost of ‘greenness’” does not fit into the short-term budgets because establishing greener practices can be very expensive to setup even if it will save the company money in the long term (Ward, 2020a). This leads them to use green marketing even if their products or services are not actually better for the environment in any way. This is known as green washing where a company may convey
Greenwashing is an attempt to capitalize on consumers’ desire for environmentally friendly products. The term was coined in the 1960s after the hotel industry illustrated one of the simplest examples by putting signs in guests’ hotel rooms asking them to reuse their towels (Tinne, 2013). The hotels were the only winners because they saved on laundry costs while also fooling customers into believing that they were doing this solely because they cared about the environment. Today, we can see examples of greenwashing with conventional energy companies which are also some of the world’s largest carbon emitters (Cherry & Sneirson, 2011). They rebrand themselves as “champions of the environment” (Kenton, 2020) when all they do is rename, rebrand, or repackage the same product without changing any aspects of the product. The Federal Trade Commission (FTC) lists some examples of greenwashing that include: labeling a plastic package containing a plastic product “recyclable” because it is not stated if the product or the packaging can be recycled, labeling trash bags “recyclable” because trash bags are not separated from the trash so they will most likely end up in a landfill, and a product stating that it is more recyclable than it was before because it could have jumped from only 2% to 3% more recyclable (Kenton, 2020).

Green marketing can backfire on the company if they are not 100% truthful in their marketing of the goods and services that they produce. For example, after the Gulf
oil spill Dawn released commercials stating that “Dawn helps save wildlife” by showing videos of them cleaning off ducklings that were covered in oil (Kaufman, 2010). However, after these commercials aired it was revealed that their product contains an ingredient called Triclosan which was officially declared as a toxin for wildlife (Tatarazako et al., 2004). Another case where greenwashing had a devastating impact on a company’s image is SeaWorld. While the company has already faced backlash for other environmental concerns, it received criticism for their “Cup that Cares” that they released in 2013. The idea of the cup was supposed to be a product that visitors of the park could buy and then refill later, so that it would reduce carbon emissions and waste. However, the cup and all the accessories that consumers could purchase for the cup were plastic (Ward, 2020a). Everyone knows that a person will not keep that cup for the rest of their life and at some point it will most likely end up in a landfill. Due to companies using green washing as a shortcut to attract consumers, it has created more skepticism among younger generations who do not believe that companies are authentic when combatting environmental concerns.

Another disadvantage when using this tactic is that it is difficult to stay current in our ever-changing environment. While there are new environmental concerns addressed and changes in the market daily, there is a constant need for change in marketing which can make it difficult for companies to keep up with their competitors (Suttle, 2020). However, the constant strive for new ideas also provides companies with plenty of opportunities to use green marketing while putting their own spin on green solutions (Tripathi & Monga, 2011). While green marketing has previously been very useful creating brand loyalty and increasing profit margins, its disadvantages have fueled
Generation Z’s lack of trust in companies that express environmental concerns. Due to this generational cohort’s mistrust for green marketing campaigns, companies must adjust how they utilize this practice to illustrate that their concerns are authentic.

**Suggested Modifications to Green Marketing**

Green marketing was a major method for companies to illustrate their social responsibility to consumers in the 1990s and early 2000s, however it has been strongly criticized due to its overuse and misuse by companies that have tried to mislead consumers on how beneficial their products are to the cause and what their company stands for (Prody, 2016). As we can see green marketing brought green washing which resulted in society’s distrust of larger corporations and consumers’ skepticism of eco-friendly products or marketing campaigns (Aji & Sutikno, 2015). Since we have seen that Generation Z is the group that companies need to cater to and they have showed a trend in aligning themselves with companies committed to practicing global sustainability, it is necessary to study new ideas that can help a company become more socially responsible (Singh, 2014). If companies want to target a new generation of spenders they need to look at everything from more efficient marketing campaigns to new environmentally friendly business practices.

One way companies have modified this practice is by accepting the impact that they have on the environment and being more open with customers on how they are trying to combat environmental issues (*10 Global Companies That Are Environmentally Friendly*, 2016). For example, SC Johnson has played a major role in illustrating how companies can make responsible changes that benefit the environment for personal reasons and not just to create a marketing campaign (Haveman & Dorfman, 1999). The
company, founded in 1886, manufactures household items and cleaning supplies which makes it a very familiar brand among all types of consumers. However, they have stated that their focus on the environment is due to the company’s core values and not just to rebrand their products toward consumers (Alston & Roberts, 1999). They have devoted themselves to using alternative fuel sources, reducing greenhouse gasses released from their factories, and encouraging their customers to become socially responsible. The company relies on Greenlist, which was developed with input from the Environmental Protection Agency (EPA) and Forum for the Future, to classify raw materials used in their products based on the impact that these materials have on human health and the environment (Canter, 2006). While using this process the company has eliminated “more than 61 million pounds of volatile organic compounds from its products by enhancing biodegradability and improving the packaging of their products” (SC Johnson and the environment). The company has spent the last two decades trying to decrease the amount of greenhouse gasses released from their seven largest factories across the world and other factories in the United States (Geiselman, 2008). This is being accomplished by using wind turbines to help power various factories in the United States and they are even testing cogeneration turbines in Racine, Wisconsin where their headquarters are located. Since the cogeneration turbine was installed at their headquarters in 2003 it is reported to have eliminated 52,000 tons of greenhouse gas emissions from this plant annually (SC Johnson and the environment). The company has also created a system where they combine products on truckloads to create a more efficient delivery process while reducing their fuel waste (Geiselman, 2008). This company has made major progress in their goal, received numerous awards including multiple World Environment Center
Gold Medals (“SC Johnson to Receive World Environment Center’s 2015 Gold Medal Award for Sustainable Development Achievements,” 2014), and gained consumers’ trust by modifying this outdated practice. This company has illustrated that by committing to a long-term plan companies can modify green marketing to make it a more efficient practice that connects with Generation Z.

Another company that has modified green marketing to illustrate to consumers that their environmental concerns are authentic is Ford. In recent years many automobile companies have created their own version of an electric car and have used green marketing to highlight the product’s environmental benefits (Deal III, 2010). However, many of these cars have faced backlash for various reasons while Ford has proved their authenticity by implementing a long-term green marketing plan. The company has committed $11 billion to produce 40 models of green vehicles, electric and hybrid, by 2022 in order to reduce their environmental footprint (Carey & White, 2018). The company has also pledged to use only renewable energy to power their manufacturing plants by 2035, and plans to get rid of single use plastic by 2030 in order to achieve zero waste across all of the company’s operations (Fehrenbacher, 2020). One of the biggest changes to their product line is the creation of the Mustang Mach-E and the all-electric Ford F-150, which have made two of their best-selling models environmentally friendly (Johnson, 2020). With many consumers buying these models for the appearance or because they are perceived as cool, the environmental benefits do not take away from what attracts consumers to these cars. While Generation Z has previously lacked trust in companies’ green marketing campaigns, Ford’s plan to launch dozens of models of eco-
friendly cars has illustrated to consumers that their concerns on climate change run deeper than a superficial level.

However, one of the most efficient companies at modifying green marketing and earning consumers’ trust is Patagonia because they have created a brand that focuses on sustainability before selling their products. Patagonia, a California based company, focuses on selling outdoor products from apparel to equipment while combatting environmental issues (Michel et al., 2019). They have become a leader in authentic green marketing because Yvon Chouinard founded the company in 1973 with the purpose of attracting customers that shared an interest in exploring and protecting our environment (Feloni, 2018). While most companies focus on developing new products every season to increase their profit margins, Patagonia has continuously created durable products that they encourage customers to use for as long as possible. One of the company’s most notable campaigns is the “Don’t Buy This Jacket” campaign which encourages customers to use the company’s repair services, so that they generate profits by fixing existing products while decreasing the amount of apparel waste produced annually (Hwang et al., 2016). A few years ago, Chouinard decided to change the company’s mission statement to read “We’re in business to save the planet” (Feloni, 2018) because he wanted his mission to promote a responsibility to proactively do good for the environment (Salpini, 2019). In the fall of 2018, the company’s CEO furthered this mission by pledging the $10 million Patagonia received in tax cuts to environmental charities (Feloni, 2018). One of the biggest changes the company made was in their marketing campaign in order to encourage consumers to act. Until recently the company had never ran a TV advertisement that promoted their products, so they used their first ad to persuade
consumers to join the fight against the Trump administration who is currently attempting
to eliminate a large portion of public lands (Salpini, 2019). Patagonia has demonstrated
that their concerns to create environmentally friendly products and maintain sustainable
business practices is authentic because their company has used its marketing campaigns
to encourage their customers to act against current issues and reuse their existing
products.

For this practice to work efficiently companies must support issues that align with
the company’s core values. The reason Patagonia, Ford, and SC Johnson have succeeded
in green marketing is because they have illustrated to consumers that their company is
dedicated to doing good for the environment because they truly care about environmental
issues. While Generation Z has become less trusting of companies’ green marketing
campaigns, these companies have illustrated how this practice can be modified so that it
is still an efficient marketing tactic.

Social Innovation
Definition and Background

Social innovation has been defined as innovative activities or products that are
designed to meet a social need and driven by businesses, politics, and government
organizations (Mulgan et al., 2007). The European Union broadens this term by stating
that social innovation is meant to persuade society to act (Gregg et al., 2020). This
practice is meant to create products in response to social movements based on shared
collective behaviors (Gregg et al., 2020). Social innovation has become an interesting
tactic used by companies to connect with consumers because it was not widely used until
after CSR and green marketing failed to illustrate authentic sustainability practices. While
the previous practices were used to take advantage of customers by making claims that
were not necessarily true, social innovation is a practice that requires social means and
ends (Mulgan et al., 2007). This tactic has resulted in creative ideas that meet society’s or
consumers’ needs that had not previously been met by other products (Mulgan et al.,
2007). While social innovation has mainly been used to combat the disadvantages that
came with CSR and green marketing, it has also been a great way for companies to
maintain a truthful marketing campaign with consumers.

Social innovation has seen a rise in recent decades due to various problems from
limited resources, social class gaps, and much more which has led to the increase in
consumers’ desire to see companies create change with their products (McGowan &
Westley, 2015). Innovation has been around since the Stone Age and inventions have
helped shape our society, economy, and politics. Centuries ago, artists created pieces
meant to cause disruptive change and forced their audience to consider other viewpoints
(McGowan & Westley, 2015). Various forms of technology have been used throughout
history to make life easier which had deemed social innovation to be as old as mankind
(Aksoy et al., 2019). However, it was not until recently that consumers saw a rise in
companies using social innovation to lessen their impact on the environment and create
sustainable business models (Slavin, 2013). Prior to this practice many companies used
business innovation which focused on maximizing profits and beating out their
competition (Gregg et al., 2020). The introduction of new technology and the rise of
social media gave consumers the power to demand change from companies which
resulted in a shift from business innovation to social innovation (Slavin, 2013). In 2015,
The Global Shapers Annual Survey determined that 60% of millennials’ most important
requirement when job searching is that the company is making a difference in society (Aksoy et al., 2019). Since environmental concerns have become one of the most concerning issues for today’s society, consumers have valued companies that use this practice to create sustainable business practices and greener products.

While some products are genuinely green, greenwashing has ruined the aspect of green marketing for all companies and has forced them to look at new and innovative ways to illustrate and practice their social responsibility. Companies like Amazon have sections on their website dedicated to helping consumers recycle the packaging their products come in and where they have a chance to recycle, return, or trade in items that they no longer want (Amazon Second Chance, 2020). However, the company has faced backlash due to their business practices like Amazon prime shipping. While the brand has tried to implement green marketing campaigns and CSR, their two day shipping guarantee for prime members has increased their carbon emissions and drastically impacted the environment (Nguyen, 2019). As we have seen more companies face backlash for the disadvantages of CSR and green marketing, many companies have started to use social innovation to connect with younger consumers who have less trust in companies’ environmental concerns.

**Advantages and Disadvantages**

One of the strongest advantages to social innovation is that it promotes growth and development for companies (Pio, 2018). While this practice is used to create products that are more sustainable or to attract consumers to the brand, it also results in companies focusing on creating newer/updated versions of their current products to give them a competitive advantage. This practice also allows companies to involve their employees
and the community in various steps of inventing new products or upgrading existing products (Blagoycheva, 2019). Local citizens play an important role in social innovation by providing information or resources and influencing decisions. When social innovation actually involves society to create products that could combat environmental issues, companies receive a new perspective that helps them work out the issues with their product (Blagoycheva, 2019). This practice has been successful with Generation Z because while this cohort is very mistrusting of companies’ intentions they appreciate being included in the process of developing new products and are able to see how companies are combatting climate change by breaking down their products or business models.

Social innovation can also put companies above their competition and increase their profit margins. Investment in research and development results in innovations that generate long-term economic growth (Pio, 2018). Recent polls demonstrated that consumers under the age of 25 have stated that they are more likely to consider environmental and ethical aspects of a company when making a purchase decision (Aksoy et al., 2019). As we have seen younger consumers dig deeper into what a company values, this practice has helped companies build stronger social relationships with consumers that have strong environmental concerns (Blagoycheva, 2019). Service enterprises that use social innovation to reflect environmental concerns and sustainable business practices have illustrated that they are in a better position than their competitors that do not support consumers’ values (Aksoy et al., 2019). Recently we have seen that companies that utilize this practice are more prepared to compete on a global stage and have an easier time connecting with their target market (Joseph, 2018). As social
innovation is implemented into today’s business practices, companies have seen an increase in profit margins and positive public image due to consumers’ environmental concerns and growing demand for companies to act.

Companies may also see disadvantages with this practice because while they are trailblazers in their field they may face limited resources and backlash from consumers (Jaeger-Erben et al., 2015). While social innovation can increase profit margins for larger corporations, it can be very expensive to invest in the research and development stages that are necessary to create these products (Joseph, 2018). For example, when companies like Tesla started to make electric cars people in big cities were intrigued and bought them fast due to their environmental benefits. However, these automobile manufacturers could not build charging stations across the United States as fast as their product was selling (Deaton, 2019). Consumers have also reacted negatively to some forms of social innovation because as new products are introduced there is always a trial and error stage where problems are found with the invention, especially in technology (Jaeger-Erben et al., 2015). Another issue with this lack of resources is that consumers tend to regress to their old ways or products. In 2019, gas stations outnumbered electric charging stations 7:1 (Deaton, 2019) which resulted in many potential customers rethinking their purchase decision. Unfortunately, these issues cause some consumers to view the brand in a negative light and go back to using older products that they consider easier to use. As early adopters have used social innovation to create the next big thing and solve social issues like global warming, there have been many companies that have been forced to eliminate their products due to the lack of resources or rejection of the products in consumer markets.
With today’s unstable political environment, it is up to companies to use social innovation to solve environmental problems that concern consumers (Holliday, 2019). Since this practice has just recently been utilized by larger companies, we have not yet seen many long-term consequences or effects. However, since there have been many disadvantages when companies use CSR and green marketing there has been a large shift to social innovation because it can prove companies’ authenticity.

**Suggested Modifications to Social Innovation**

While social innovation has had various advantages, the negative side effects led to younger consumers viewing this as companies’ way to create profits or gain consumers’ trust and not because they are truly concerned. Since Generation Z is concerned about the authenticity in companies’ environmental concerns, companies must modify this practice to illustrate that they share consumer’s concerns and are committed to do everything they can to limit their impact on the environment.

In the United States, over 8 million tons of food is wasted annually and this does not count all the packaging that the food comes in, which The Environmental Protection Agency states makes up approximately 23% of waste in landfills (Brinkley, 2018). Refed, a nonprofit organization in the United States, dedicates itself to combating food waste and stated that the food wasted each year in the U.S. leads to $18.2 billion of lost value for grocers (Brinkley, 2018). Packaging waste, especially plastic, is facing backlash and has even led to some states, like California, to ban plastic bags or create fees on these items (Wagner, 2017). This has led to a wave of zero waste markets popping up around the United States and other countries. For example, New York has The Filling Station that sells customers refillable containers containing olive oil, vinegar, beer, etc.
(Brinkley, 2018). These shops have been proven to be very efficient for specialty shops that focus on specific target markets. However, zero waste markets are having some trouble gaining momentum in places like the United States, especially in the food industry, because customers want to shop where there is convenience and if we cannot convince suppliers to change their packaging customers will still have plenty of options that are not eco-friendly (Beitzen-Heineke et al., 2017). Other countries around the world have had much more success due to more open minds among consumers. The markets that are thriving illustrate to companies that it may be easier to start zero waste stores that focus on specific items, like hygiene items and cleaning supplies, by selling a bulk size container and offering a lower price when they come in to refill their products. Zero waste markets are an innovative solution that can save companies money by minimizing the disposal, energy, and employment costs (Brinkley, 2018) which can be attractive to younger consumers who align with these values.

One company that has seen major success using social innovation is Tesla. The company’s CEO, Elon Musk, has outlined a vision that focuses on transforming global energy grids and creating products that are environmentally friendly (Matousek, 2018). While electric cars are no new concept, Tesla saw a need for cars that are not only environmentally friendly but can also excite consumers in a way that most automobile companies had not been able to do. Companies like Tesla have their fair share of supporters, but also a large group of people who deem that their company will fail which is actually benefitting the company because they are still relevant in consumers’ minds (Furr & Dyer, 2020). While the large company may have some bad press, they are still being talked about and have been an example of social innovation for a long time. A
recent survey recorded that many consumers prefer a new brand like Tesla because they are innovative and most respondents stated that the company positively influenced their perception of battery electric vehicles (Long et al., 2019). In the first quarter of 2020, the company was the highest performing automobile company in sales growth, total revenue, and long-term shareholder value (Furr & Dyer, 2020). This company has modified social innovation to illustrate their authentic environmental concerns and desire to create technological advancements because they have demonstrated through their innovation that these forces drive them more than the idea of selling cars or making a profit. Due to Tesla’s position in the market and their constant production of newer/better models of their already eco-friendly cars, they have earned a large portion of younger consumers’ trust, including Generation Z.

New Belgium Brewing Co. has also seen success by using social innovation to express their concerns about global warming and creating more sustainable products. This company was the largest brewing company in Colorado and the fourth largest brewing company in the United States before they announced in 2019 that they were selling their company to Lion Little World Beverages, an Australian based company (Sexton, 2019). One of the main reasons this company has seen major success in the previous decades is due to their passion for the environment and long-term commitment to create sustainable business practices. They have proved this passion to consumers by creating the largest private solar array in Colorado at their Fort Collins brewery, which can power the assembly line for up to 8 hours on a sunny day (Eng, 2014). In 2009, the company redesigned their packaging for almost all of their 12 packs so that it would eliminate over 150 tons of cardboard and 174 metric tons of carbon dioxide emissions.
annually (“Fat Tire Packaging,” 2009). That same year they committed to install $4 million to energy load-shedding and on-site generation technology and processes (GreenerDesign Staff, 2009). In a 2014 interview Kim Jordan, co-founder of the New Belgium Brewing Company, stated that it was her husband’s dream to start the business but when he left in 2001 she stayed because she enjoyed being an advocate for progressive business thinking (Eng, 2014). The company also partnered with almost two dozen organizations to form the U.S. Recycling Glass Coalition to make glass recycling more efficient in the United States (Crowell, 2016). When asked about Lion Little World Beverages’ purchase of the company Jordan stated that the reason they ultimately chose to sell to their company was because the Australian based company promised to continue the company’s long-time commitment to sustainability. The New Belgium Brewing Co. is another example of an organization that saw success when using social innovation because they illustrated to consumers that their innovation was purely driven by their desire to create new products while remaining sustainable.

These corporations are just some examples of companies that have modified social innovation to be more efficient when expressing their environmental concerns to Generation Z. While this practice has seen success and little disadvantages, so far, it is important for companies to understand that this cohort is very skeptical of innovative practices. Many members of this demographic have felt that companies’ tactics are not authentic due to the failures and disadvantages of CSR and green marketing. As Generation Z searches for more authentic companies, we have seen a major adoption of social innovation by companies who have illustrated a long-term dedication to combatting climate change and a desire to be more sustainable.
Conclusion

Generation Z’s purchasing behaviors are vastly different from previous generations’ purchasing behaviors. While this generational cohort shares some similarities with previous cohorts, this demographic’s purchasing behavior has proved the generational cohort theory correct. Major events and social changes, like Generation Z’s environmental concerns, have impacted this group’s purchasing behavior. As environmental concerns have become more important for younger generations, companies have shifted their marketing tactics to support various practices that illustrate their desire to create sustainable business practices. However, Generation Z is less trusting of large corporations and as they pursue authentic brands companies have scrambled to adjust their marketing practices.

In this thesis we sought to understand how Generation Z’s environmental concerns impacted their purchasing behavior. First, we researched global warming and consumption practices to understand how and why consumption has increased throughout time. Then we studied five different generations’ consumption behaviors to illustrate how Generation Z differed from previous generational cohorts. We focused on how this demographic supports brands that are socially or ethically responsible due to their concerns regarding companies’ carbon footprint. Then we compared three different practices that companies have used to illustrate their desire to be environmentally friendly and how these practices have worked overtime. Finally, we looked at how companies have modified these practices to be more authentic when illustrating their environmental concerns to Generation Z. We determined that all three practices worked efficiently but
had some disadvantages and needed to be modified if companies wanted to build stronger relationships with consumers from Generation Z.

In conclusion Generation Z is very mistrusting of companies and is more focused on how companies are combatting issues younger consumers care about, like climate change. In this thesis we looked at three different business practices that have been used to combat climate change and gain consumers’ trust. Each tactic has worked but had some disadvantages that led to some companies failing to connect with this demographic. Socially responsible and greener companies have recently tried to modify these practices in order to be more authentic in their day to day operations and long-term goals. While these modifications have proven to be successful, there are some research limitations and areas for further research.

**Research Limitations**

Unfortunately, there were some limitations to our study due to the lack of research for this generational cohort. Generation Z is very new to the market, with the oldest consumer at 23 years old and the youngest consumer is 8 years old. Since this generation is so young and only a portion of the group has started to make their own purchase decisions, there has not been as much research on their purchase behavior compared to older generations. Not much is known about the older half of Generation Z, but nothing is known about the younger half of this cohort’s purchase behavior because they are still so young. The younger half of this demographic still lives at home where their parents make the majority, if not all, of their purchase decisions for them. As the oldest of this generational cohort has taken companies by surprise and led them to scramble in how
they would alter their marketing techniques it is important that they continue to research this group in order to understand Generation Z’s needs.

This thesis is also limited by the stereotypes that demographers have placed on these generational cohorts. Believing that every person in these demographics behave the same way or have the same traits, is very naïve for companies. Companies are unintentionally stereotyping consumers by assuming that they will make purchase decisions in the same way someone else from this generation would. Generational Cohort Theory hypothesized that individuals are grouped together after they experience the same historical events and social changes over time. There is no way to say that a Baby Boomer and a Millennial will not make the same purchase decisions because they both experienced events like 9/11. Even if these groups experienced this event during different stages of their lives it still impacted their personal values and behavior. While many individuals in a cohort share similar traits and behaviors, this thesis is limited by assuming that members from Generation Z will not share similar traits or purchase behaviors with previous generations.

Another limitation to this thesis is that it does not take outside factors or other demographics into account. While we have looked at Generation Z’s consumption behaviors we have not broken this generational cohort down by class, race, gender, etc. While research shows that many people would pay more for a product, there are other factors that play a role in consumers’ behavior. For example, consumers who come from low income communities may not make a purchase decision the same way as other members of Generation Z. While this group focuses on products’ environmental benefits,
some consumers do not have the money to afford greener products. This is important to consider in our research because many members of Generation Z are in school and/or work minimum wage jobs. Some members of this group may also be impacted by cultural traditions passed down from previous generations. Without considering this limitation, we can only study Generation Z as a whole and cannot understand different demographics within this generational cohort.

Further Research

While this thesis has focused on studying how companies can alter marketing tactics to earn Generation Z’s trust, there is room for further research in this field. One step could dive further into Generation Z’s purchase behaviors to determine what other factors have an impact on their purchasing decisions. This step includes looking at how this cohort’s race, ethnicity, class, etc. may impact them differently than previous generations. There is also a large age gap between the oldest members of this generation and the youngest members which has created room for research on the younger half of this group which has not yet expressed their purchasing behaviors. Since the younger portion of this group is still having their parents make most of the household’s purchasing decisions, companies do not know what the future holds for Generation Z’s purchasing behavior. In the past few years companies have illustrated that they do not know much about this generational cohort which means that they must do more research on the group if they want to reach this target market.

Another topic to keep in mind is that Generation Z is no longer the youngest generational cohort which means that there will be a new group of consumers entering the market in a few years. The next group of consumers that will enter the market is
Generation Alpha (individuals born between 2010 and 2024). Researchers assume that social media will play a large role in defining this group’s characteristics, but only time and research will provide companies with answers on how Generation Alpha will act as consumers. As we have seen companies were not prepared when Generation Z became its own group of consumers, so they must start researching the next generation’s values and habits now in order to know how to market to them before they become the next big target market.

Finally, one of the biggest topics that has potential for further research is marketing strategies that work for multiple generational cohorts. While the practices that we discussed have seen some success among multiple cohorts, there are different aspects of these practices that may attract or repulse consumers from different generational cohorts. It would be beneficial for companies if future research studied business practices that can be used to reach out to all, or multiple, generations at once. This would create more efficient marketing practices and companies would not have to create dozens of marketing campaigns for each group. This also benefits the company because it ensures that one universal message is spread which makes it harder for consumers to misinterpret or become skeptical of the company’s intentions.
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