

How to Win the Gen-Z Market through Social Network

Huiyi Li¹, Xian Li², Xiaoqiu Lai³, Bowen Sun⁴

¹School of Information and Electronics, Beijing Institute of Technology, Beijing 100081, China

²School of economics, Shanghai University, Shanghai 200444, China

³Lucas business college, San Jose State University, San Jose, CA 95112, US

⁴School of Business, University of Pittsburgh, Pittsburgh, PA 15260, US

Abstract

According to the study, Gen Z - those born between 1995 and 2010 - will make up a quarter of the Asia-pacific population by 2025, on a par with millennials born between 1980 and 1995. Therefore, for e-commerce platforms and companies that use social network platforms for product marketing, it is very necessary to grasp the personality and consumption characteristics of Generation Z and conduct product packaging and marketing based on them. This study confirmed that the characteristics of social network platforms (Dependence, low price, Interactive communication, user creativity and IP effect) have a positive impact on the psychology of consumers in Generation Z, as well as on the ultimate purchasing tendency of consumers. This study mainly adopts the form of questionnaire to collect information. Although the number of samples is small, it is of great significance for enterprises to strengthen brand awareness and improve brand image in the influential Generation Z group.

Keywords

Gen-Z; Social network; Brands; Consumer psychology; Consumer purchase intention.

1. Introduction

Development in internet technologies has pervaded every aspect of human life in which social media exerts a tremendous influence on the social life of today's citizens, especially of younger generations. Almost everyone is connected to Social Network Service, or SNS, and utilizes the platforms for anything from communication to deciding their consumer behaviors. Social Network Service (SNS) refers to the internet platform where people with commonalities in hobbies, interests, occupation, etc, connect with others to share experience, knowledge and build relationships. SNS, therefore, provides immense opportunities for firms to maintain and further their brand image through the constant and optimal rendering of advertisements through brand impression. In today's marketing atmosphere, SNS is very integral to firms' viability as it is paramount to integrate social media to a consumer's purchase experience than to simply use it for simple online marketing options.

2. Research Design and Variable Testing

2.1. Research Model Framework

The purpose of this research is to analyze the influence of the characteristics of social networks on consumers of Generation Z. That is, dependence, low price, Interactive communication, user creativity and IP effect, all five characteristics of social networks will be taken as independent variable, and final purchase intention of consumers will be taken as dependent variable. In order to explore the influencing reasons in a more detailed way, we introduced consumer

psychology (rational psychology and perceptual psychology) as an intermediate variable, and constructed the theoretical model of this study as follows.

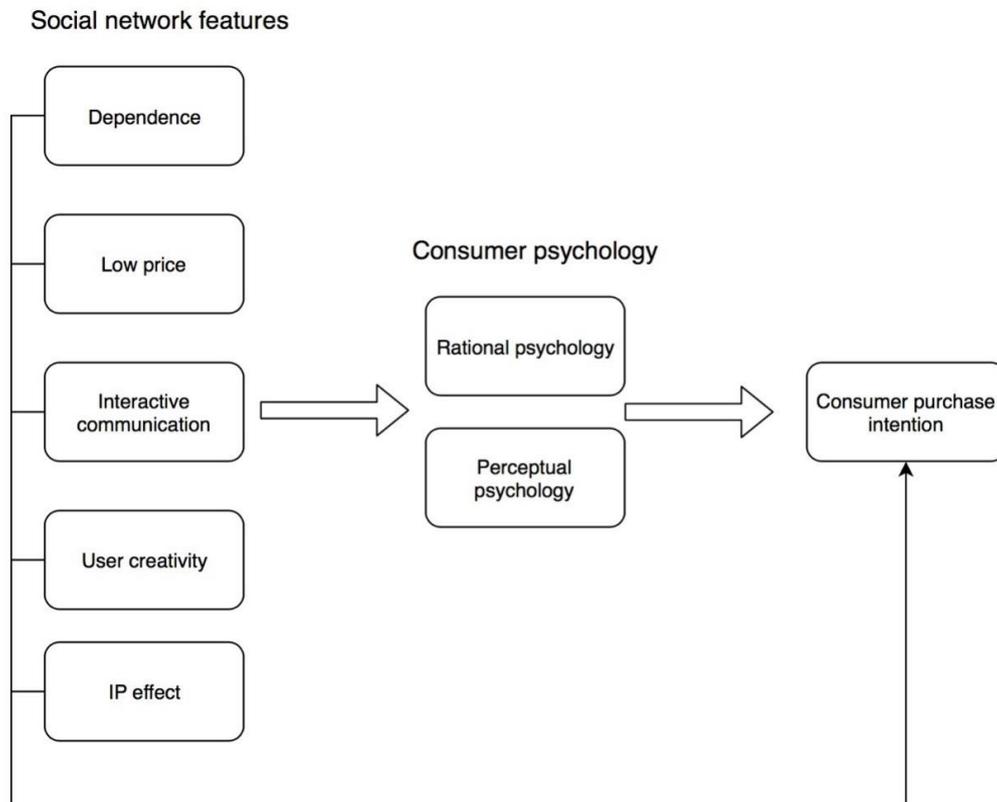


Figure 1. Model framework

2.2. Interpretation of Research Variables and Hypotheses [1]

Table 1. Hypothesis based on the model

No.	Research hypothesis
H1a	Dependence is positively correlated with Rational psychology
H1b	Dependence is positively correlated with Perceptual psychology
H1c	Dependence is positively correlated with Consumer purchase intention
H2a	Low price is positively correlated with Rational psychology
H2b	Low price is positively correlated with Perceptual psychology
H2c	Low price is positively correlated with Consumer purchase intention
H3a	Interactive communication is positively correlated with Rational psychology
H3b	Interactive communication is positively correlated with Perceptual psychology
H3c	Interactive communication is positively correlated with Consumer purchase intention
H4a	User creativity is positively correlated with Rational psychology
H4b	User creativity is positively correlated with Perceptual psychology
H4c	User creativity is positively correlated with Consumer purchase intention
H5a	IP effect is positively correlated with Rational psychology
H5b	IP effect is positively correlated with Perceptual psychology
H5c	IP effect is positively correlated with Consumer purchase intention
H6a	Rational psychology is positively correlated with Consumer purchase intention
H6b	Perceptual psychology is positively correlated with Consumer purchase intention

2.3. Data Collection and Analysis Methods

We use questionnaires to collect data. In this study, there were 32 questions of Likert scale. The questionnaire distribution in this study is mainly in the form of online filling, because this way

is more conducive for us to control the age of the survey population (under 25 years old) and more efficient. The analysis method adopted in this study is to use SPSS statistical analysis software to conduct statistical analysis, reliability and validity analysis, correlation analysis and cluster analysis on the collected data.

3. Hypothesis Testing and Statistical Analysis

3.1. Clustering Analysis

In order to divide consumers of Gen Z into different categories according to their personality and consuming habits, we use clustering analysis function in SPSS software. K-Means clustering is used in this step. Seven indicators measuring personality and consumption habits were sent in to the whole sample for classification operation. The clustering results show 4 groups, which account for 11.63%, 24.65% and 29.30% and 34.42% respectively. On the whole, the distribution of the 4 groups of people is relatively uniform, which indicates that the clustering effect is good overall. The different characteristics for each category are shown as follows.

Table 2. Clustering category and variance analysis difference comparison results

	Clustering analysis of variance difference comparison results (mean \pm standard deviation)				F	p
	cluster_1(n=25)	cluster_2(n=53)	cluster_3(n=63)	cluster_4(n=74)		
Dependence	3.03 \pm 0.71	1.68 \pm 0.31	3.09 \pm 0.49	2.22 \pm 0.37	115.619	0.000**
Low price	3.29 \pm 0.82	1.66 \pm 0.41	2.21 \pm 0.52	2.96 \pm 0.51	85.615	0.000**
Interactive communication	3.24 \pm 0.60	1.70 \pm 0.35	2.61 \pm 0.58	2.71 \pm 0.62	56.934	0.000**
User creativity	3.12 \pm 0.64	1.78 \pm 0.47	2.46 \pm 0.55	2.60 \pm 0.62	37.684	0.000**
IP effect	3.80 \pm 0.69	1.78 \pm 0.56	2.55 \pm 0.63	2.56 \pm 0.57	64.881	0.000**

* p<0.05 ** p<0.01

The variance analysis was used to explore the difference characteristics of each category. It can be seen from the above table that the cluster group presented significance for all the research items ($P < 0.05$), which means that the four groups obtained by the cluster analysis showed significant differences in the characteristics of the research items.

Cluster analysis uses multiple research titles as a benchmark to classify samples. The contribution of each title to clustering is different, and the comparison of specific contributions can be seen in the figure below.

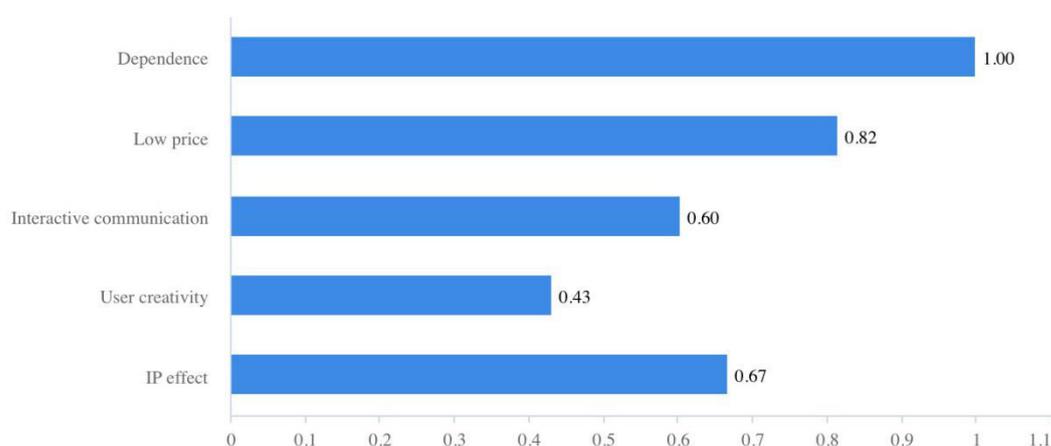


Figure 2. Comparison of importance of cluster items

From the Figure, we can see that low price and dependence are two most important factors in the process of dividing consumers. So these two factors are used to name the four cluster categories. According to the table above, we name 'cluster_1' as 'Susceptible to both low price and dependence', 'cluster_2' as 'Susceptible to neither low price nor dependence', 'cluster_3' as 'Only susceptible to dependence', 'cluster_4' as 'Only susceptible to low price'.

3.2. Correlation Analysis

In order to have a clearer knowledge of each cluster category, correlation analysis is used to find out more important factors that affect consumer purchasing intention and also test the hypothesis. Spearman's correlation coefficients are calculated to illustrate the correlation between each two factors. From section 3.1, we know that dependence and low price are two social network features that affect consumers' purchase intention most. So we divide the sample data in two groups with two methods: susceptible to dependence group ('cluster_1' and 'cluster_3') and insusceptible to dependence group ('cluster_2' and 'cluster_4'), susceptible to low price group ('cluster_1' and 'cluster_4') and insusceptible to low price group ('cluster_2' and 'cluster_3').

(1) Correlation analysis of 'susceptible to dependence group' and 'insusceptible to dependence group'

Table 3. Correlation coefficients of 'susceptible to dependence and unsusceptible group'

Test factors	Pearson correlation coefficients (susceptible)	Pearson correlation coefficients (unsusceptible)
Rational psychology <--- Dependence	0.184	0.410**
Perceptual psychology <--- Dependence	0.206	0.449**
Consumer purchase intention <--- Dependence	0.184	0.390**
Rational psychology <--- Low price	0.369**	0.519**
Perceptual psychology <--- Low price	0.313*	0.449**
Consumer purchase intention <--- Low price	0.314*	0.430**
Rational psychology <--- Interactive communication	0.293**	0.517**
Perceptual psychology <--- Interactive communication	0.108	0.461**
Consumer purchase intention <--- Interactive communication	0.192	0.471**
Rational psychology <--- User creativity	0.310**	0.459**
Perceptual psychology <--- User creativity	0.250*	0.453**
Consumer purchase intention <--- User creativity	0.345*	0.409**
Rational psychology <--- IP effect	0.131	0.368**
Perceptual psychology <--- IP effect	0.368*	0.439**
Consumer purchase intention <--- IP effect	0.237*	0.495**
Consumer purchase intention <--- Rational psychology	0.340**	0.422**
Consumer purchase intention <--- Perceptual psychology	0.133	0.502**

* p<0.05 ** p<0.01

From the correlation coefficients of 'susceptible and unsusceptible to dependence group', we can test hypothesis as follows.

Table 4. The test results of the hypothesis for 'susceptible and unsusceptible to dependence group'

No.	Research hypothesis	Verification results (susceptible)	Verification results (unsusceptible)
H1a	Dependence is positively correlated with Rational psychology	Unsupportive	Supportive
H1b	Dependence is positively correlated with Perceptual psychology	Unsupportive	Supportive
H1c	Dependence is positively correlated with Consumer purchase intention	Unsupportive	Supportive
H2a	Low price is positively correlated with Rational psychology	Supportive	Supportive
H2b	Low price is positively correlated with Perceptual psychology	Supportive	Supportive
H2c	Low price is positively correlated with Consumer purchase intention	Supportive	Supportive
H3a	Interactive communication is positively correlated with Rational psychology	Supportive	Supportive
H3b	Interactive communication is positively correlated with Perceptual psychology	Unsupportive	Supportive
H3c	Interactive communication is positively correlated with Consumer purchase intention	Unsupportive	Supportive
H4a	User creativity is positively correlated with Rational psychology	Supportive	Supportive
H4b	User creativity is positively correlated with Perceptual psychology	Supportive	Supportive
H4c	User creativity is positively correlated with Consumer purchase intention	Supportive	Supportive
H5a	IP effect is positively correlated with Rational psychology	Unsupportive	Supportive
H5b	IP effect is positively correlated with Perceptual psychology	Supportive	Supportive
H5c	IP effect is positively correlated with Consumer purchase intention	Supportive	Supportive
H6a	Rational psychology is positively correlated with Consumer purchase intention	Supportive	Supportive
H6b	Perceptual psychology is positively correlated with Consumer purchase intention	Unsupportive	Supportive

(2) Correlation analysis of 'susceptible to low price group' and 'insusceptible to low price group' The analysis process is similar to the last one. After calculating the Pearson correlation coefficients in this group, we can test hypothesis as follows. All of the verification results of unsusceptible are supportive, while those of susceptible group is supportive except H2b, H3b and H6a, which is unsupportive.

4. Research conclusion

4.1. The Relationship Between Social Network Characteristics and Consumer Psychology [2-4]

The five social network characteristics were found to be directly linked with consumer psychology in one way or the other. While certain factors concerning individual consumer behavior did influence the positive correlation of certain characteristics with psychology, it is evident that all five categories influence consumer psychology at a certain level. Rational psychology was found to be in positive correlation with all the characteristics except for dependence and IP effect among the susceptible to dependence category and perceptual psychology was found to be in positive correlation to all characteristics except for dependence and interactive communication in the susceptible to dependence group and low price and interactive communication in the susceptible to low price group. This implies that characteristics such as low price, interactive communication, and user creativity are often influenced by rational psychology in relation to buying stuff of the social network since these characteristics are on the more practical and reasonable side whereas characteristics of dependence and IP effect are driven by perceptual psychology because of their subjective and intuitive nature.

4.2. The Relationship Between Consumer Psychology and Purchase Intention

Rational and perceptual psychology acted as immediate variables in the research considering their influencing powers in shaping decisions of purchase within a social network. Rational psychology was found to be positively related to consumer purchase intention in all of the clusters except for the susceptible to the low price group. Similarly, perceptual psychology was found to be positively related to consumer purchase intention in all of the clusters except for the susceptible to dependence group. These research findings illustrate the point that among those people that were more likely to purchase because of a lower price, rational psychology did not have an influence. Nevertheless, in most cases rationally psychology is positively related to consumer purchase intention and people's purchase intentions tend to be influenced by the idea of buying something when there is a lack of it. Furthermore, it can be inferred that perceptual psychology is also positively correlated to purchase intention since it drives people to think beyond their needs and bring their instincts and intuitions forward. However, among those heavily reliant on social networks, perceptual psychology is not related. This is because of overexposure to the perceptual schemes on the network which they get used to and stop getting influenced by.

4.3. The Relationship Between Social Network Characteristics and Purchase Intention [5-7]

Coming to the direct independent and dependent variables, there is a clear relationship between the five social network characteristics and purchase intention. Except for the dependence and Interactive communication variable among the susceptible to dependence cluster, all others showed a positive correlation to consumer purchase intention. Among the majority of people, dependence is positively correlated to purchase intention because relying on social networks directly exposes them to the purchase market whereby it becomes a part of their lives. Similarly, IP effect drives people of all groups to be influenced by a personality that encourages them to purchase a particular product out of the influence of a public figure. Furthermore, the majority of people are drawn to purchases by lower prices. Lower prices are naturally attractive to most people and people tend to shape their purchase decisions around it. User creativity and interactive communication help users see what they want to see and communicate on the same and this makes for a favorable purchasing climate. The exceptions, however, are among people who are more reliant on such networks which implies that they are

not as influenced or surprised by interactive communication and dependence because of regular use.

References

- [1] Xu Hong. Research on the influence of social network on tourists' purchase intention [D]. Zhejiang University, 2011.
- [2] Tian Xinxin, Tian Jingjing. Research on the influencing factors of consumers' purchase intention in e-commerce live broadcast -- Taking Taobao live broadcast as an example [J]. Science and technology and innovation, 2020 (20): 4-8.
- [3] Xu Ping. On the influence of advertising market on consumer psychology [J]. Continental Bridge vision, 2020 (08): 62-63 + 66.
- [4] Zhou Meihua, Li peiamericium, Mou Yupeng. The influence of online reviews on consumers' Purchase Intention -- the mediating role of psychological distance [J]. Soft science, 2015,29 (01): 101-104 + 109.
- [5] Zuo Wenming, Wang Xu, fan Fu. The relationship between online word of mouth and purchase intention based on social capital in the social e-commerce environment [J]. Nankai management review, 2014,17 (04): 140-150 + 160.
- [6] Li Hong, Yu Kui, Xia Jingbo. The influence of negative online reviews on consumers' online purchase decisions: an experimental study [J]. Journal of information, 2011,30 (05): 202-207.
- [7] Hao Yuanyuan. Empirical Study on the impact of online reviews on consumer perception and purchase behavior [D]. Harbin Institute of technology, 2010.