

The Role of Social Media for Relationship Establishment and Consolidation with Generation Z in Online Marketplace

Xuxiang Liu

Abstract—In the past, majority of online marketing is achieved with limited interaction and instantaneity. However, in the digital era, role of social media with technological advancement is much more crucial. This study aims to further develop the discussion of social media's role in relationship establishment and consolidation in online marketplace, particularly focused on Generation Z. Z-Generation consumers in China, as the main focus of the study, are highly engaged with, and even deeply impacted by social media campaigns. Through interviews with those young consumers and a case study of Hongxing Erke, communication between companies and consumers, and brand-driven communication among consumers are discussed through the lens of marketers. The link between value proposition and brand loyalty is also shown in this paper. Business implications and future research are discussed in the end.

Index Terms—Social media, generation Z, online marketing, customer relationship.

I. INTRODUCTION

A. Research background

In an era of accelerating digitalization with technological advancement, social media is playing a crucial role. The popularisation of mobile devices and the impact of the Covid-19 pandemic greatly contributed to the surge in social media users. As of the end of 2020, 4.2 billion netizens are active users in social media platforms, indicating that more than half of the world's population are actively engaging as online audiences [1]. Among them, young internet users born from the mid-1990s to around 2010, labeled as Z-Generation, spend more than three hours per day on social media [2]. Consequently, as an indispensable part of most young people's daily lives, social media shapes how they interconnect and interact. The first generation of true Digital Natives' ways of relationship establishment and consolidation are formed by social media. To be more specific, in the field of business, the preferences of Generation Z in the online marketplace have been deeply affected by social media. 97% of Generation Z consumers use social media as their top reference for shopping inspiration [3]. Nowadays, marketers recognise the uniqueness of social media for Z-Generation and used it to expand and keep the market share for their business.

The value of the investment in social media marketing

dramatically increased in the past decade. It has been predicted that, in 2021, 28.75 billion U.S. dollars will be spent on social media advertising in China's market, reaching its modern peak in history [4]. The main purpose of the investment may be to establish and consolidate unique relationships between sellers and buyers by using social media as a spring.

B. Literature Review

In previous literatures, the relationship between sellers and buyers in online marketing is defined as swift guanxi [5]. As Ou *et al.* [5] highlighted, in the online marketplace, computer-mediated communication (CMC) technologies facilitate a new form of guanxi, an interpersonal relationship with a seller swiftly formed by the buyer's perception. By using Taobao, a leading Chinese e-commerce platform, as an example, buyers' perception of interactivity and presence, enabled by CMC, has been proven to enhance buyers' trust. Chong *et al.* [6] further developed the concept by adding the perceived effectiveness of institutional e-commerce mechanisms (PEEIM) to analyze online repurchase behavior in the Chinese context. Bao *et al.* [7] finally reached the point of social media's significant role in enhancing online interpersonal relationships and PEEIM. Trust and repurchase intentions may be enhanced by using social media as an online communication tool.

Other previous studies focused more on the internal relationship between Generation Z and social media marketing. Social media has deeply influenced Z-Generation and should be conversely adjusted by those young consumers. As previously mentioned, most of Generation Z's shopping behavior is inspired by social media as a top reference [3]. Research by Mas-Tur *et al.* [8] indicated that it is important to keep a presence with frequent updates and incentives for participation. Creative strategies should also be implemented, targeting Generation Z [8].

Social media's role in relationship establishment and consolidation has been essential in the online marketplace. Research has also found the relationship between Generation Z and social media marketing. However, a few scholars have conducted studies specifically on social media's unique effect on establishing and consolidating relationships with Generation Z. Social media marketing can be a key accelerator in attracting customers born from mid 1995s to around 2010. The purpose of the study is to better understand the role of social media in this field. Additionally, apart from theoretical contents, this study obtains practical implications for the market's youngest and most energetic targets. Hopefully, it will contribute to the daily management of social media marketing to help businesses generate higher

Manuscript received December 10, 2021; revised March 2, 2022.

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values in the competitive market.

C. Research Framework

This study is organized as follows. With the lens of Z-Generation, this study will further analyze the role of social media for relationship establishment and consolidation in the online marketplace. Initially, methods of research in this study will be introduced. Subsequently, some findings regarding links between social media and Generation Z will be conceptualized and discussed. The key findings of the study will then be concluded. Limitations and further studies will be shown at the end of this paper.

II. METHODS

This study was conducted by a mixture of qualitative and quantitative research. The process of relationship establishment and consolidation in the previous will be linked with the unique characters of Z-Generation consumers. To increase the validity and reliability of the results, one-on-one in-depth interviews were accomplished with Generation consumers in the online marketplace. The author finally analyzed a case study regarding a recent social media campaign in Weibo to be more practical.

By considering consumers as stakeholders, the marketing efforts can be divided into the following two basic categories: 1) communication between companies and consumers and 2) brand-driven communication among consumers [9]. The role of social media is embedded in those two relationships. The main thoughts of the methods are to explore the first part by conducting interviews and to analyze the second part by viewing a real-world case.

A. Interview

To recognize the connection between companies and Z-Generation consumers and explore the role of social media inside the relationship, ten interviewees aged between 15-25 years old were invited by the author. Five of the Generation Z interviewees were finally selected in this paper. The basic information of the five respondents is listed in Table I.

TABLE I: BASIC DEMOGRAPHIC INFORMATION OF INTERVIEWEES

| | Int. A | Int. B | Int. C | Int. D | Int. E |
|--------------------------|-----------------|-----------------|-----------------|--------------------|--------------------|
| Year of Birth | 1996 | 1998 | 2001 | 2003 | 2005 |
| Current Age | 25 | 23 | 20 | 18 | 16 |
| Gender | Male | Female | Male | Female | Female |
| Income Level (per month) | \$1500 | \$1000 | 0 | 0 | 0 |
| Educational Level | Graduate degree | Bachelor degree | Bachelor degree | High school degree | High school degree |
| Status | Staff | Staff | Student | Student | Student |

As can be seen from the table above, respondents' ages are approximately distributed uniformly between 16 to 25 years old. They are among different stages of life. Therefore, status, educational, and income levels are disparate. During the interview, interviewees were asked about their basic understanding of the role of social media in their daily consumption behavior. Through the answers, this paper will connect previous views on the role of social media in relationship establishment and consolidation with Generation Z in China.

B. Case Study

Regarding brand-driven communication among consumers, it is considered more efficient and practical to understand a real-world case. Since 16th July 2021, torrential rains have occurred in central China's Henan Province [10]. CEO of Hongxing Erke posted the information that the company donated 50 million RMB (approximately 7.75 million in U.S. dollars) under its official account in Weibo, a Chinese Twitter-like social media platform. Consequently, the product sales of Hongxing Erke, as a sportswear manufacturer, surged to a record high, which was over 50 times more than its daily sales [11].

The case is selected mainly because the company did not promote corporate social responsibility and treat it as a huge marketing campaign. Communication among consumers was the main contribution of this social media event. The case is summarized from recent news, relevant literature, young netizens' views on social media, and statistics from online social media platform regarding the Hongxing Erke donation campaign. This paper will find out the interactions on social media among Generation Z and further explain the case.

III. RESULTS

As mentioned previously, the role of social media is established and consolidated by two basic means [9]. In this section, results regarding both means will be separately displayed with the corresponding research mentioned above methods. Firstly, communication between companies and consumers will be developed by interview results with Generation Z. Case study of Hongxing Erke will then be shown for the analyzing brand-driven communication among consumers.

A. Communication between Companies and Consumers

In most cases, communication between companies and consumers is highly valued by the businesses, especially in digital marketing. Among these two-tier relationships, social media is considered to be an intermediary. For business, it is an effective way of spreading values towards consumers. Meanwhile, as for the customers, it is also a chance to know more about the brand. During the interview, through the lens of Z-Generation, some valid answers were provided by the interviewees. The results of the interviews will be shown with the pattern from relationship establishment to consolidation.

Different participants have different ways of establishing relationships with the business. They drew more attention to social media for entertainment instead of focusing on the business activities among those social media accounts.

"In my spare time, I choose to kill time watching online streamings from online platforms, like TikTok or Taobao... It is not because I have a particular aim of buying something. When I find some product introduced interesting or helpful, I may pay attention to the brand or product." Int. B

Apart from entertainment, they may choose to watch those online streaming for other reasons.

"When my idol is invited to the broadcast room, I would watch the online streaming and even purchase a lot. Besides, some internet celebrities, Li Jiaqi, for example, may also catch my eyes." Int. E

Among the interviews, online streaming is a popular choice of the social media campaign. Some participants, however, have other means or purposes of establishing relationship.

“I followed the official Weibo account of Pop Mart because of recommendation from Xiaohongshu. I was informed that the latest updates of its products would be released from the account.” Int. D

“I followed NIO’s account because of my internship. Before my interview for the position, I got to know the company by its social media account... I finally bought the NIO car last year.” Int. A

It can be inferred from the interviews that consumers initially establish a relationship with the business with various purposes and means. The majority of the aims are originated from internal factors instead of outside stimulations. Additionally, concerning the consolidation process, participants also have several different answers. Some focus more on the values, while others pay more attention to the economic factors.

“I keep on subscribing to particular official social media accounts due to their business value. Their posts fit my expectations towards the brands, and I find it delightful to be inside their community.” Int. C

“I followed the accounts simply because of their promotion... Some price discounts might randomly appear in their accounts, and I have independently grouped those accounts in my follows.” Int. A

As a value shopper, Int.C is more willing to be engaged within the social media-based brand community when the business's value propositions are in line with his value. As for Int. A, however, economic benefits from social media platforms are more attractive. It can be summarised that the answers mentioned above are proving the positive aspects of social media to build long-term customer loyalty among Generation Z. Interviewees also mentioned some downsides of the role.

“If a large amount of irrelevant information is posted by the social media platforms, it would unsubscribe them, simply because they are interrupting my personal life.” Int. B

As can be seen from the interviews, social media's relationship establishment and consolidation is a long and complex journey. Generation Z can build up the relationship on their own in several ways. Whether or not they keep following the accounts or purchasing the products depends on their preferences. Due to the length limit, not all the answers were shown in this paper. Further implications will be discussed in the discussion part.

B. Brand-Driven Communication among Consumers

Compared with communication between companies and consumers, as a mainstream of digital marketing achieved by social media, the communication among consumers is not considered controllable. Some campaigns even were not achieved intended by the business. Hongxing Erke's typical case is therefore chosen in this study. As mentioned previously, the company quietly donated about 7.75 million U.S. dollars as financial aid for recovery after the deadly floods in central China, Henan province, which won the heart of Chinese people, especially the Z-Generation consumers.

The social event sharply became a hot topic among Weibo

and other social media platforms. Under the Weibo post sent by Hongxing Erke, 9.4 million likes and 286 thousand comments [12], which is 8480% higher than its average number of comments within 30 days [13]. People rushed into its online and offline stores to buy the products and show their gratitude. Almost all of the products were sold out at a speed that was out of all imagination. The demand for the products exceeded the supply entirely. Some even posted, “I will not cancel the order, even if I would get the product five years later [14].”

Compared with other social media campaigns, Hongxing Erke's actions on Weibo should not be considered as a typical way of marketing. The nature and purpose of the event for the company are simply about holding corporate social responsibilities instead of considering promoting its products. However, the overall sales of the company witnessed an unprecedented increase. Communication within the community of consumers played a crucial role. Consumers voluntarily reposted the posts of Hongxing Erke, accounted for 213 thousand for a single post [12]. Some netizens have even introduced the financial predicament of the Hongxing Erke to attract more people to support the caring company. Information is transferred by voices from young consumers. They even took it as their duty to spread the information to other netizens.

Hongxing Erke's official Weibo account also benefited from the event. Till now, 1.5 million netizens are following the account [12]. Among them, more than 50% are under 25 years old. Besides, regarding geographic factors, the number of netizens from Guangdong province, where the brand originated, is the highest [13]. Followers from Henan province reach second place on the list [13]. It is highly likely that the Hennan followers increased to the second place because of Hongxing Erke's donation. Among them, Generation Z can be considered as the main contribution to those variation trends.

The role of communication between the consumers can not be ignored. An outstanding brand image can be built by actions and spread by social media networks. Consequently, a long-term relationship or consumer loyalty can be formed with word-of-mouth among consumers. Unlike marketing campaigns on social media, Hongxing Erke took the action without considering the return on investment. However, it can be a typical case to show that the power of communication among consumers guided by brand with less business intervention is significant for online marketers. Further discussion will be shown in the next part of the study.

IV. DISCUSSION

By considering the results above, several findings will be concluded in this part of the paper. Combining the key results in the previous parts may have some practical implications for online marketing towards Generation Z.

1) Value proposition is highly likely to be the key to online marketing. Especially for Generation Z, what the company believes and how the company acts plays an essential part in consumers' minds. If the online posts transfer what consumers believe, relationships can be established and consolidated in a much easier way. In contrast, consumers may unsubscribe if the account has only been updating the

business information at the level of making profits.

2) For the relationship establishment and consolidation process, establishing is easier than consolidating among Generation Z. Purposes of following a company's official social media account can be diverse. Price discounts, celebrity spokesperson, online streaming, or personal connection can all be the causes for young consumers to initial build up the short-term relationship. However, it is much more difficult to keep the relationship longer with brand loyalty. Key contributors of the loyalty can result from the followers' committed attitude towards the social media brand pages [15]. Brand image may be helpful for relationship consolidation, but this may also be the single factor to make contributions to the long-term relationship.

3) Posts on social media may have negative impacts. The main function of social media for Generation Z is entertainment [2]. The reasons that most young consumers follow social media accounts are not only because of the products or services of the companies. Therefore, too much business information posted from social media can be considered interruptions for their personal life. Some may choose to set up a single group for those business accounts, while others prefer to unsubscribe. Loyalty can also be quickly lost by improper information or inconsistent value on social media.

4) Generation Z may tend to find more personal connections between companies and themselves. With the support of technology, interactivity and instantaneity of online social media platforms contribute to improvement in guanxi or relationship [6]. This may also help to build closer connections for individuals on social media. Their subscriptions show their preferences and values. It is possible that they follow a particular account because they will have an internship in that company. It is also likely for them to comment on the posts due to their support on corporate social responsibility. The interactions are becoming more personal with individual values embedded.

5) Generation Z has a higher level of trust towards the information on social media. The information posted by social media accounts is more trustworthy than other traditional marketing methods [16]. Especially for the posts with larger numbers of reposts and comments, the information provided is much more likely to be believed by those young consumers because of social media's interactivity and instantaneity. Besides, the degree of trust can also be increased by the level of similarities between consumers. If the age, region, preferences of brands, values, and other factors were similar, it may have a higher possibility for consumers to trust their reposts and comments.

6) Business interventions may not be crucial for brand-driven communication among consumers. For the communication between companies and consumers, the marketers are highly intervening on social media. However, communication among consumers can be achieved within the social media-based consumer community, accompanied by fewer business interventions. In the case of Hongxing Erke, the brand image can be the key driver, while the rest of the contribution is mostly made by the consumer. Generation Z may even consider it as their duty to spread the information of Hongxing Erke's donation. The voluntary reposts and comments made the final and crucial contributions surge in

sales.

V. CONCLUSION

A. Key Findings

Through the course of the study, the role of social media in relationship establishment and consolidation has been discussed. Through the lens of Generation Z, the role of social media is considered to be significant among the online marketplace. To analyze the communication between companies and consumers and brand-driven communication among consumers, interviews with Generation Z and a real-world case study have been conducted.

It can be concluded that, firstly, the value proposition is highly concerned by young consumers. It is essential to build up the long-term relationship with positive brand image on social media concerning their business or social value, which makes significant contributions to the brand loyalty or trust from Generation Z. Companies may lose the personal connection without considering their value. Additionally, interactivity and instantaneity of social media platforms make it more possible for the Z-Generation consumers to be engaged with higher level of trust. Personal connections can also be increased by the interactive social media. Finally, social media-based consumer community is crucial for communication within consumers, whether or not intervened by business campaigns or operations.

B. Research Significance

As an indispensable part of most young people's daily lives, social media is considered a key driver of market growth. The study's key findings can effectively support the marketers to operate the companies' official social media accounts better. Provided that businesses are willing to expand their market or even repeat the success of Hongxing Erke by social media, it is highly suggested to build up the long-term relationship with Generation Z based on value. This study includes some of the key implications for business to attain more market share among Generation Z, in online marketplace, especially in China.

C. Limitations

This research has certain limitations. Firstly, the main limitation this study suffers from is the finite research scope. Interviews and the case study are restricted inside China, not enough valid to many other social media platforms outside China. Besides, the method of interview and case study is also limited by the size of the samples. Future studies are welcomed to enlarge the primary data by surveys and interviews with a wider range of samples. Finally, this study has particularly focused on Generation Z. Relationships with other past or future generations are also welcomed.

CONFLICT OF INTEREST

The author declare no conflict of interest.

AUTHOR CONTRIBUTIONS

The author contributes to all of the works in this study.

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