

Research on the Effect of Social Media on the Online Shopping Behavior of Chinese Millennials

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ABSTRACT; In China, millennials represent a sizable consumer segment with significant purchasing power. The fact that millennials are engaged on social media and eager to purchase online demonstrates this. Through the search and reading of relevant literature, this paper proposes that social media and online shopping behavior are inextricably linked, and that Chinese millennials are naturally the drivers of online shopping.

1 Introduction

Online shopping has gained momentum in recent years, with about 842 million online shoppers [1]. And China's millennials are precisely one of the main forces of this consumption. The role that social media plays in facilitating online shopping cannot be ignored. Based on previous research, this article takes the identity of Chinese millennials as an entry point to explore how social media influences Chinese Millennials' consumer behavior. Millennials are a large consumer group with strong purchasing power in China. This is evidenced by the fact that millennials are active on social media and that they are keen to shop online.

It can therefore be inferred that social media is inextricably linked to online shopping behavior and that Chinese millennials, who are passionate about both, are the natural drivers of online shopping. Regards and inspired by the aforementioned insight about Chinese millennials' enthusiasm for social media, this article examines the effect brought by social media on the online shopping behavior of Chinese millennials with an analysis and explanation of which relates to another.

Based on the status quo of online shopping, this paper analyzes the online shopping behavior of Chinese millennials. The article will detail the meaning and relationship between social media and the millennium generation, it further extends to the impact of social media on the behavior of Chinese millennials in both luxury and overspending consumption behavior.

2 Literature review

2.1 Social media

Pepe and Nolan provide a platform for people to communicate and interact as well as exchange information, which becomes an effective instrument for marketers to

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utilize in terms of increasing the awareness of the brand and products [2]. Therefore, since the relationship between social media and online shopping is inseparable, the promotion of online shopping is a must strategy on social media. More directly, KPMG argued that millennials are fond of being socialized and enjoy the tight relationships within a community, and one way that millennials embrace social media as a kind of medium to connect and network with others [3]. Suffice to say, millennials are one segment of the large population that is interested in and willing to devote time to investing in social media.

2.2 Online shopping behavior

Tripathi supported that shopping behavior refers to the mix of consumers' viewpoints, options, and decisions made while making a purchase [4]. And the act of acquiring goods or services through the use of the internet is indicated as "online shopping behavior"[5]. Online shopping behavior can simply refer to purchases made by online shoppers as they usually buy products or services through an internet platform no matter which application or website.

Nielsen said Chinese online shoppers were among the most prolific in the Asia Pacific area as early as 2010. Compared to other generations, millennials are considered to be the largest population of online shoppers and their acquaintance with advanced communication tactics and ICT technologies makes them potential digital buyers [6].

2.3 Millennials

Millennials, also known as Generation Y (Gen Y), are commonly referred to as individuals born between the mid-1980s and 2000 [4] and make up a majority group with outstanding purchasing power that engages in the use of technology [7]. As the millennial generation's lives go hand in hand with the rapid growth of the internet [8], they

are so-called the "Net generation," which is strongly impacted by the internet [9]. As KPMG mentioned, they are tech-savvy and formed by the technological revolution and fit electronic equipment into their work and lives [4]. In general, millennials constitute a significant market demographic that is highly profitable and powerful [10]. They live in an era in which the use of the internet is booming and gaining a vital role, in which many things can be done with a simple click. And in favour of online shopping, digital marketing is genuinely targeted at millennials, according to marketing research [11], since marketers regard engagement of millennial customers and cultivating their loyalty as a priority among priorities [12].

2.4 Chinese millennials

China has 400 million millennials and one-fifth of the number in the US by 2021, composing the first generation to experience genuinely financial independence in the nation as they benefited from the rising economy [13]. The millennium generation is arguably one of the most powerful consumers in China. As early as 2015, the real purchasing power of Chinese millennials was \$2.4 trillion and is expected to reach the US \$3 trillion in 2025 [10], which can be contributed to by the rapid growth of commercialization with more disposable income.

2.5 Chinese millennials and social media

China's millennials are just in time for the rise of social media. The social media has come to the forefront of millennials' minds and has integrated social media browsing into their daily routines. For 70% of Chinese millennials, social media is their primary source of information, which is nearly twice as much time spent viewing internet videos as Americans [14]. And 66% of them focus on social media as a platform for making friends. That is to say, Chinese millennials spend a considerable amount of leisure time on social media, often spending more than 40 hours a month on social media on their gadgets [15]. This behavior means that social media has a firm grip on the attention of millennials while giving marketers a great opportunity to exploit it. Social media thus becomes a part of the composition of Chinese millennials' life.

3 Discussion

3.1 Social media and online shopping

Social media advertising is pervasive in online businesses, particularly for brands that do online shopping. It is an ambush that appears on every page of social media. The impact on people is already happening, unbeknownst to internet users. Firms constantly utilize social media as a necessary tool to place advertisements and manage their brand's image. Such a marketing strategy will not only promote the product or service but also attract potential customers to the homepage of certain social media platforms. Most importantly, marketers often choose to

place the purchase page on the brand's social media, which makes it easier for online shopping to happen. With one page jumping from one to the other, network third-party payment, a smooth transaction in the blink of an eye can occur and end. Not only do millennials embody their unique relationship with the Internet, but their understanding of the Internet further makes them the most mainstream audience for social media and online shopping. For instance, Residence Inn has been promoting items that millennial guests enjoy in different cities by creating the Residence Inn Mix, which is aimed exclusively at millennials [11].

Social media triggers consumption, especially for online shoppers. A research result come up by Deloitte suggested solid evidence to this statement: online shopper is influenced by the social media as they are six times more likely to spend online and make a purchase online than consumers who are not social media user and online shopper that use social media throughout the consumption procedure are four times more prefer to considerably spend more than non-users [16]. Moreover, 47% of Millennial shoppers use social media, compared to 19% of non-Millennials; Millennials buy online and pick up in-store compared to non-Millennials; and what counts for is that 47% of Millennial shoppers use social media for a number greater than other generations [16]. The role social media plays within the relationship between millennials and online shopping is vital in increasing the turnover on the internet. The effect of social media on shopping behavior is not a castle in the air.

Consumers nowadays consider prospective repeat purchases depending on a company's online performance, particularly how they strive to contact customers through their digital marketing strategy [7]. Simultaneously, social media has become an integral approach for marketers to reach out to customers first handed. In this regard, the value of digital marketing's added benefit of contributing to customer loyalty is substantial, and the role of social media is self-evident in impulse online purchases [6].

3.2 Chinese millennials behavior on social media and online shopping

It is no accident that the booming occupation of social media is overwhelmingly devouring the internet when online shopping walks onto Chinese millennials' consciousness and becomes a trend, as digital marketing uses digital branch channels for marketing products and services to potential customers [17].

Millennials are technologically adept, which has previously been identified as one of the primary characteristics distinguishing this generation from others [7], leading the group to be the chosen one for the topic. Given their preference for social media communication and the usage of technological gadgets, this generation is likely to do the majority of their purchasing online. Millennials are enthusiastic about online shopping and social media at the same time. And social media is affected reviews of items and companies seen on social media platforms have an effect on consumers' propensity to engage in online buying [5]. This means the necessity of

digital marketing, which can be indicated on social media within the discussion, is to build lasting relationships with millennial customers to construct loyalty for them in an online context [5]. Tripathi also mentioned that Impulsive shopping is fueled by social media platforms as millennials make more spontaneous purchases on social media [4].

Millward said “social media means shopping in China” since thousands and thousands of transactions can be done in minutes and online purchases made by Chinese customers totaled \$911 billion by 2016 [18]. The figure demonstrates the exceptional customer loyalty to online shopping in China, considerably contributing to millennials as the tech-savvy group that specializes in online shopping. And in favour of online shopping, social media as an approach to digital marketing is genuinely targeted at millennials, according to marketing research [19]; [11], since marketers regard engagement of millennial customers and cultivating their loyalty as a priority among priorities [12].

3.2.1 Pursuit of the luxury brand by Chinese millennials

Chinese millennials have always had a well-documented taste for luxury goods. They pay great attention to brands

to decorate their facades and are more likely to choose luxury brands to demonstrate their outward status. And McKinsey said that luxury buyers in China usually use social media as the source to receive information about brands. It can be said that Chinese millennials have made a significant contribution to the overall luxury market. Lu and Yiu classified this generation group in their highlight preference for sophisticated styles and they showed less brand loyalty as they only purchase what is trendy and cool [20]. In this process, social media has played an important role in the promotion of luxury brands. Social media has furthered the culture of buying luxury goods, and millennials are just so receptive to it, opting to wrap their image on their social media pages with luxury items.

To be more specific, the percentage of millennial internet users who purchase luxury goods is 100 percent, which is a further indication of the preference of millennials as the online shopper to buy luxury goods without social media. For example, there are over 300 million subscribers on the Chinese social media Xiaohongshu, with millennials accounting for 72 percent of the total., sharing luxury goods and buying luxury goods on this platform is a mainstream post. No wonder why millennial is the target audience of luxury brands on social media. Dior is the first luxury brand to sell items on WeChat, did so with a limited-edition handbag advertised on social media [21].

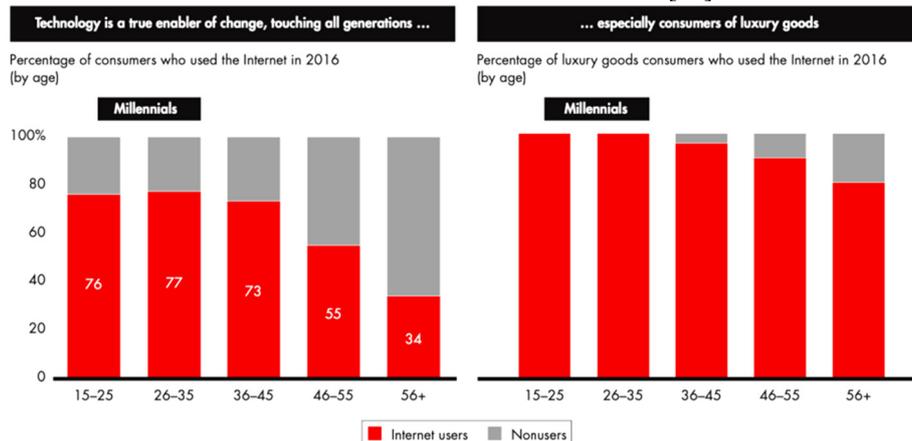


Figure 1: Consumer behavior for buying luxury goods across generations by Bain & Company [22]

3.2.2 Overspending

Chinese millennials' online shopping behavior is also seen through in overspending, spending their personal income to buy products that are overly marketed on social media. So, one colloquial description that use to define Chinese millennials is “Yueguangzu”, Lu and Yiu conclude the term to be the generation of less thrifty consumers and monthly wages are depleted without savings. And smartphones, key fashion accessories and travel are three categories that Chinese millennials excessively spend [20].

The social media influencer has also shown an extraordinary contribution to driving overspending.

As millennials are heavily influenced by the influencer, also known as a key opinion leader in China since marketers use social media to reach out to important opinion leaders and spread brand messaging and use social

media to transform customers into salespeople [22].

Major e-Commerce platforms, with the help of social media, has also turned many otherwise ordinary days into specific consumer holidays, and normalizing online consumption in individuals' daily life. For example, 520, 618, double 11, and double 12 are all dates that merchants and brands have made synonymous with online consumer festivals with media campaigns, not only by advertising discounts on social media at least a month in advance to induce online consumption, but also by stretching the cycle of consumer holidays to create an atmosphere of consumerism for consumers to dive into online shopping. By 2025, China's eCommerce industry is predicted to have grown to more than US\$1.5 billion, with an annual growth rate of 6.65 percent [15].

4 Conclusion

Social media has a deep-rooted influence on the online spending behaviour of Chinese millennials. It is not just the personal choices and preferences of Chinese millennials. But social media has done a lot to package online shopping behavior, and quietly, social media has set a trap of overspending and luxury for millennials, attracting more and more millennials to go further and further in their online shopping. However, it cannot be said that social media does not positively impact the consumer behavior of millennials, and this article simply demonstrates the perceived effectiveness of social media on online shopping behavior. The current paper does not consider other social and cultural influences beyond the impact of social media on Millennials' online shopping behavior. In the following discussion, we can take social factors as the entry point to further discuss the impact of social development and the shopping atmosphere on Chinese millennials.

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