



Ca' Foscari
University
of Venice

Single Cycle Degree programme

in Innovation and Marketing
Second Cycle (D.M.
270/2004)

Final Thesis

**WeChat: a cross cultural study on how Millennials
communicate and purchase online.**

Supervisor

Ch. Prof. Tiziano Vescovi

Assistant supervisor

Ch. Prof. Andrea Pontiggia

Graduand

Omar Rosi

Matriculation Number 860942

Academic Year

2016 / 2017

I would like to start expressing my thanks

to my colleagues and friends

Marianna Pitu

Louise Delamalle

Marija Jurkonyte

Index	2
Introduction	4
1. Introduction to Millennials	6
1.1. Their characteristics	9
1.1.1. Relationship with money and lifestyle	10
1.1.2. Relationship with digital and technological devices	13
1.2. Communication and interaction	15
1.2.1. Communication with people	15
1.2.2. Communication with brands	21
1.2.3. Communication affecting purchasing behaviour	23
1.3. Purchasing habits and behaviour	26
1.3.1. Patterns	26
1.3.2. On-line shopping and e-commerce	30
1.3.3. Payment methods	34
2. Chinese culture and Millennials	39
2.1. Chinese culture	40
2.1.1. Chinese context	40
2.1.2. Cultural considerations	44
2.1.3. Chinese Millennials	48
2.2. The communication system	52
2.2.1. How communication practises differs between the two cultures	52
2.2.2. Social media communication in Chinese culture	57
2.3. Purchasing habits and behaviour of Chinese Millennials	63
2.3.1. Differences with Western Millennials	63
2.3.2. Purchasing patterns of Chinese Millennials	65
2.3.3. Payment methods	71
3. Cross cultural comparison on mobile applications	75
3.1. Mobile applications breakdown	76
3.2. WeChat analysis on communication and purchasing habits	85
3.2.1. Communication	85
3.2.2. Purchasing habits	90
3.3. Case studies	95

3.3.1. Vogue eyewear communication concept – Case study 1	95
3.3.2. Black Friday – Case study 2	103
Conclusions	111
Bibliography	113
Webliography	115

Introduction

As European or American we are perhaps not familiar with Chinese mobile applications but, at the moment, Tencet with its WeChat app is playing an increasingly important role in the internet development. The most of WeChat users are aged between 18 and 30 years old and thus the most representative market segment is composed by Millennials. My dissertation tends to address the question of why an all-in-one application like WeChat could or could not work in the Western market.

In the Western market indeed we are witnessing the development of stand-alone system mobile applications. We can consider as example Facebook, WhatsApp, Instagram and PayPal. All these mobile application are separated entities and users use them for different reasons, in this sense we can note that Facebook is seen as a platform for get in touch with friends and family members, WhatsApp is a mobile applications used for sharing messages and thus for communicating through them, Instagram is a visual applications that is mostly used for share and see contents as images and videos, and finally, PayPal is an entity that allow its users to send or receive payments both online and offline.

WeChat instead is an integrated platform that allow its users to do everything within the app. Users can message, watch contents and also pay with the same platform. In this sense my aim is to investigate why an integrated-system app is not used in the Western market and why consumers rely on stand-alone platforms. These platforms serve the market with a specific scope, to communicate or purchase for example, but they don't do it integrating the services.

As I have just noted the features for what these apps are born are linked mainly on two aspects: the communication and the purchasing of products. This is the reason why I will try to answer the question I posed earlier in light of these two aspect.

What I will take in consideration will be the cultural patterns that differ between the two culture, for having an in-depth understanding on how the targeted users, and so Millennials, communicate and purchase.

To do so, in the first chapter, I will examine the peculiar characteristics of Millennials, and in particular Western Millennials. This will help to understand the particular ways

in which they communicate and purchase. The first part of this chapter will analyse their generic characteristics, focusing in particular on their relationship with money and lifestyle and their relationship with digital and technological devices, then it will investigate the ways in which Millennials communicate focusing on three types of communication: the communication with people, the communication with brands and the communicative features able to affect the purchasing behaviour. In the last part of this chapter I will focus my attention on their purchasing behaviour, starting from the definition of some generic pattern and then moving on their habits in on-line shopping and e-commerce. Lastly I will investigate how the purchasing practices differ with different payment methods.

The second chapter will deal with Chinese Millennials, in this way I will try to get an in-depth understanding of the Chinese culture in the first part, analysing the Chinese context, expressing some cultural consideration, and finally studying the Chinese Millennials. In the second and third part, instead, I will compare their particular communicative and purchasing habits with the ones of Western Millennials.

Finally in the third chapter I will highlight all the features and functionalities of all the applications that I will take in consideration focusing especially on the communicative and purchasing features of WeChat. Lastly, in order to gain an in-depth understanding of the dynamics underpinning how the integrated system of WeChat is used and perceived, I will conduct two interviews with two Luxottica employees on two case studies considered explicative of the communication and purchasing of WeChat platform, respectively: the Vogue eyewear communication concept, and the e-commerce black Friday.

1. Introduction to Millennials

I will start my study with a description of Generation Y, also known as Millennials. Before to talk about WeChat, the Eastern integrated system of apps in general and its comparison with Western apps I decided to start my study with a detailed description of this generation, its habits and its particular characteristics. Lately I will move forward on the ways Millennials communicate and interact (especially on social platforms) and their purchasing habits.

This will be a really interesting starting point before to start analyzing the differences between Western and Chinese (and Eastern) Millennials. The differences between these two groups will focus firstly on the socio-demographic attributes. These attributes are really relevant if we think about the background in which these groups operate. Secondly it will focus on the ways the two different types of Millennials communicate and purchase. The second focus will help me to get deeper inside the study of the comparison of the two app systems.

Coming back to Western Millennials I will start from this group because it is closer to our culture and the understanding of this group will be helpful, as starting point, to expand and compare the findings with the Eastern Millennials.

“The sheer size and buying power of this generation means that they’re not just future consumer, they’re a vital part of the market right now – and they have been for some time. They’re not only your customers, they are also your employees, which makes it helpful to understand how they think and what will engage them”.¹

This is the first sentence we find in “AMERICAN MILLENNIALS, Deciphering the Enigma Generation”, a report from Barkley based on research conducted in collaboration with Service Management Group and The Boston Consulting Group. In my opinion it underlie very well the importance of this generation of customers accounting more than 80 million people, that is the largest we have ever seen, larger then Baby Boomers and

¹ Jeff Fromm, Celeste Lindell and Leine Decker, “AMERICAN MILLENNIALS, Deciphering the Enigma Generation”, Barkley with The Boston Consulting Group and Service Management Group, Kansas City, 2011.

three times the size of generation X, weighting roughly for 27 percent of the global population (about 2 billion people)².

Before to start investigating how their behavioural tracks its impact on every aspects of our life let's make a step behind. Who are they? Which are their characteristics and why are they so important as a phenomena to investigate?

I will try to answer these question starting from the foundation.

We will define Millennials (or generation Y) all those people born between 1980 and 2000. This period is by definition a time of rapid changes, revolutions and innovations, an era of unprecedented wealth and rapid technological advancement. Grow up in those years means that these people have changed totally their priorities and their expectations in comparison with previous generations and this can be one of the reason why it is so important to focus and study their behaviour. Communication, personal interaction and purchasing are significantly different than those of older generations.

As we already said generation Y is the biggest generation in history. Taking as an example a study conducted by Goldman Sachs on American Millennials we can see that, with 92 million people, this generation is bigger than Baby Boomers (77 million) and definitely bigger than generation X (61 million)³.

With regard of the aforementioned generations Y it is useful, in my opinion, to have a deeper understanding of which are all the generations of the 20th century and also to see, briefly, their most important characteristics.

Here a general overview is given by Barkley, together with Loretto, Davie and Coates (fig. 1.1).

² Nancy Wilson, "*Total number of Millennials in the world today*", 2017. Available at: dosmagazine.com/en/total-number-of-millennials-in-the-world-today/

³ Goldman Sachs, "*Millennials coming of age*", 2015. Retrieved from: www.goldmansachs.com/our-thinking/pages/millennials/.

GENERATION	BIRTH YEARS	DEFINING EVENTS	GENERATIONAL CHARACTERISTICS
SILENT GENERATION	1925-1945	Great Depression, Dust Bowl, Hitler's Germany, WWII, Communism	Overly cautious, less likely to take risks, hierarchical, loyal and patriotic, rule makers/followers
BABY BOOM GENERATION	1946-1964	Jet Age, National TV, Alaska & Hawaii, Civil Rights Movement, Space Exploration	Economically optimistic, idealistic, individualistic, prefer achievement over relations, competitive
GENERATION X	1965-1976	Martin Luther King Jr. Assassination, Working Mothers, Nixon and Watergate, Vietnam	Homesick, in need of attention but not used to supervision, prefer non-routines, anti-institution
MILLENNIAL GENERATION	1977-2000	AIDS, Iran Hostage Crisis, Space Shuttle Challenger, Fall of Berlin Wall and Soviet Union, Technology Immersion (Email, Texting)	Technology reliant, image-driven, multitasking, open to change, confident, team-oriented, information rich, impatient, adaptable

Figure 1.1. Source: Loretto (2011), Davie (2008) and Coates (2007)⁴

Coming back to millennials we can see now which they “characteristics” are, putting them in comparison with other generations.

⁴ Jeff Fromm, Celeste Lindell and Leine Decker, “AMERICAN MILLENNIALS, Deciphering the Enigma Generation”, Barkley with The Boston Consulting Group and Service Management Group, Kansas City, 2011.

1.1 Their characteristics

There are many different facets that could be evaluated and compared with other generations, but in this chapter I will focus mainly on three aspects that are, in my mind, the most important: the relationship with money, that is a key point for evaluating the purchasing behaviour of this generation, the lifestyle that can help to give a strong background of what are their feelings, what are they looking for and how they behave in their life, and finally the relationship with digital world and technological devices, another important point that can be helpful to explain their behaviour in relation with apps.

For the aim of this study I will study all the characteristics that are relevant for evaluating their behaviour in relation with communication and purchasing habits. But something is missed: the psychological attitudes of this generation. Even though it is not the focus of this study and it refers to other subjects areas, as psychology and sociology, I think that a general overview of these attitudes could be an interesting starting point:

- They aim to achieve instant gratification: the world now is fast and they perfectly reflect this trend. Being born in the digital era means that they know every tool for reaching their scopes as soon as possible. They order food just sitting on the couch, they see their preferred tv series streaming it, they date people just texting on a dating app.
- They are social: they value personal connections as other generations of course, but they do so using social media. They feel bad if they are not connected with others in the digital world, they feel validate just when the community “like” them.
- They want to make the big impact: they don’t work just for money, they want to work for making the world a better place.
- They are unsatisfied: they are impatient, they want to achieve result and they want to do it straightforwardly, and when this doesn’t happen they feel unsatisfied. The gratification with people and in the job are seen as difficult to achieve and they also take a long time, and this is definitely something they don’t like.
- They are unconventional: they are revolutionizing the ways in which we interact and the communication in general (we will speak about this later)

- They are anxious: they are worry about the future and they constantly have no certainties. They study for longer time then previous generations, increasing the loan debt, starting to work later and also having a guaranteed income later. They have so many opportunities that they fell insecure about what they are doing changing job really easily. They get married later and they also buy houses later skipping totally all those steps that were “life milestones” for other generations.

1.1.1 Relationship with money and lifestyle

Millennials have less money to spend according with Goldman Sachs’ research. This is due to the lower employment level and the smaller income. They start to work later than previous generations, and for living usually they spend money granted by their parents during all the years of university where, they not only are forced to spend a little of money, but also encumber the debt of the student loan⁵.

The University in particular is a key point for understanding better the lifestyle of this generation.

“Four-in-ten Millennial workers ages 25 to 29 had at least a bachelor’s degree in 2016, according to a Pew Research Center analysis of Current Population Survey data. That compares with 32% of Generation X workers and smaller shares of the Baby Boom and Silent generations when they were in the same age range.”⁶

This mean being tied up to the University longer than other generations, having implications on many other aspects:

First of all, many Millennials are reluctant to leave the parents’ home. In 1990 26,8% of American people aging from 18 to 34 years old were living home with their parents, in 2010 almost the 30% is still settle in the family house.

⁵ The student loan is typical for American Millennials, taking into exams Western Millennials we can observe that European Millennials are not encumbered usually with this debt. On the other hand it is true that they can sustain similar costs for studying, for example many European Millennials nowadays study abroad, this means they are charged with costs such as rents and transportation that bring them to have the same “low-budget living” of Americans Millennials.

⁶ Nikki Graf, *“Today’s young workers are more likely than ever to have a bachelor’s degree”*, Pew Research Center, 2017.

Another change can be seen in love and its implications, Millennials put off two important milestones: the marriage and parenthood. They just don't see them as priorities. In 1970 the average marriage age in US was 23 years old, in 2010 was 30 years old, the data are quite similar for the parenthood. This reflects on the percentage of young people married and living on their own, that has dropped by more than 50% since the 1960s⁷.

The lack of money and the advent of the so called "sharing economy"⁸ totally changed the relationship between Millennials and ownership. They are reluctant to buy items such cars, music and luxury goods. They don't see the need to own goods, they are turning to a new set of services that provide access to products without the burdens of ownership. This changed the mentality for all those stuffs that once were considered "must-have" but today don't seem priorities to own but just to use.

Moving forward we can focus on two points that are of crucial importance: travels and health because these are maybe the attitudes that diverge the most from previous generations.

Starting with health we can note how the definition of "healthy" is quite different among Millennials and previous generations. For previous generations healthy means basically not falling sick. For Millennials the health is more related with wellness highlighting a greater and more proactive commitment toward this attitude. For them it means eating right and exercise not just don't smoke or don't drink too much, that is clearly a more passive approach. Wellness saw in this way, it's a daily commitment to pursuit taking care of everything can harm the body. Join a gym, go for a run, eat well, smoke and drink less are really common habits for the generation Y.⁹

It is also important to note that technology is used here like a support to reach their scopes. Millennials use apps for tracking data, and for measuring improvements,

⁷ All data were picked up from: Goldman Sachs, *"Millennials coming of age"*, 2015. Retrieved from: www.goldmansachs.com/our-thinking/pages/millennials/.

⁸ *"A sharing economy is an economic model in which individuals are able to borrow or rent assets owned by someone else. The sharing economy model is most likely to be used when the price of a particular asset is high and the asset is not fully utilized all the time."*

Investopedia definition available at:

www.investopedia.com/terms/s/sharing-economy.asp#ixzz4varec1Er

⁹ All data were picked up from: Goldman Sachs, *"Millennials coming of age"*, 2015. Retrieved from: www.goldmansachs.com/our-thinking/pages/millennials/.

internet is used to retrieve information about foods, equipment and so forth. Tools as smartwatches are finally used to track again the improvements but also to connect and share results on social networks. In this way health is no longer saw as a private activity but as something social to show.

As already stated another attitude really different from others generations are travels. Nowadays the world is obviously more connected, travel is cheaper and there is a fashion in doing it, we just open our Facebook wall and we see many friends travelling, many pages posting trivia or news from everywhere, and this, of course, apply on every generation: Summer trips or skiing holydays are not news and the involvement of social platforms and specially the lower costs for travelling raised the rate of travels of every generation. But Millennials are not just travelling, they are revolutionizing the way for doing it.

They are changing the face of travelling in four ways¹⁰:

- They travel for living cultural experiences and they evaluate those experiences more than “partying”. Travels are not seen any more as a moment to relax in a luxury hotels or to go in a crowded restaurant in a touristic city. Travels are a moment for enriching oneself meeting a new culture, for stepping outside the comfort zone living an adventure. According to internal research from Topdeck Travel¹¹, more than three quarters (86%) of Millennials would experience a new culture instead to patty (44%) or go shopping (28%).
- Millennials no longer want to travel for work, they choose a work for travelling. Once business trips were a benefit to escape for a while the “office life”, nowadays Millennials choose their jobs deciding around the ability to travel. According to Expedia¹², employees under 30 are traveling 4.7 times per year on business compared to 3.6 times for those above 30 years old. This also relate to the will of having fewer responsibilities at home, such as children or families.

¹⁰ Sarah Clark, “4 Ways Millennials Are Changing The Face Of Travel”, 2017, retrieved at: www.huffingtonpost.com/sarah-clark/4-ways-millennials-are-ch_b_10503146.html

¹¹ Topdeck Travel is an internal company of Huffing Post, the only data available were shown in the article:

Sarah Clark, “4 Ways Millennials Are Changing The Face Of Travel”, 2017, retrieved at: www.huffingtonpost.com/sarah-clark/4-ways-millennials-are-ch_b_10503146.html

¹² Expedia, “Future of travel report”, 2013:

skift.com/wp-content/uploads/2013/10/Expedia-Egencia-Future-of-Travel-Report.pdf

- They love solo travel but it doesn't mean they have to travel alone. 37 percent of Millennials reported¹³ their intention to take at least one trip alone in the next six months. But alone doesn't mean they want to spend all the time on their own, it means they want to leave without parents or friends. They want to make friendship during the trip, experience new culture with new people. An increasing trend for younger, indeed, is to join group tours that make the trip safe but at the same time more adventurous allowing them to socialize with the people inside the group that share the same "trip vision".
- Hostels and backpacking in general are becoming more appealing. Hostels are affordable and, as already discussed, Millennials tend to save money, they like to experience new adventures and also love the concept of sharing. It is then not surprising to see this raise in hostels booking. Backpacking, on the other hand, is another way to save money and to get more in touch with new cultures. Leave with a backpack without no plans and deciding day by day what to do and where to go give them the freedom they strive.

1.1.2 Relationship with digital and technological devices

People that have born in 1980 have witnessed the so called "digital revolution", and this event makes this generation the first digitally native. It is then not surprising to see how much they use the digital world in comparison with the previous generation: play videogames, download music, use social media, and watch TV online are basic feature for them, easy to use and considered regular activities.

Keeping an eye on social world and social media in particular we can see some statistics given by the Goldman Sachs's research:

At the question "how do you communicate with others about a service, product, or a brand" Millennials answered for the 38% social media, 38% instant messaging and 16% blogging.

¹³Dan Peltier, "Survey: Millennials Are More Interested in Solo Travel This Year", 2015 retrieved at: skift.com/2015/09/04/survey-millennials-are-more-interested-in-solo-travel-this-year/

Generation X, on the other hand, answered: 32% text messaging, 25% social media and 19% instant messaging¹⁴.

The lesson here is that both generation are using the social world to communicate but for older generations this world needs to be understood, to be practiced for mastering every tool, instead for the youngsters, being born inside the digital era, use these innovations is easy and there is no need for an instruction book.

This is also confirmed by the research conducted by Barkley Millennials are 2,5 times more likely to be early adopters of technology than older generations, they own multiple technological devices too. It is worth to note that one of the findings in this study is that older generations tend to replace an old device with a new one when the old one not works anymore, for Millennials, on the other hand, it is just a matter of functions: they replace older devices when new ones' functionalities are worth the spending. This reflect also on the type of devise they buy: for non-millennials relevant devices are standard (such as: cell phones or TV), meanwhile Millennials strive for entertainment devices as, game console and MP3 players.

¹⁴ Goldman Sachs, "*Millennials coming of age*", 2015. Retrieved from: www.goldmansachs.com/our-thinking/pages/millennials/.

1.2 Communication and interaction

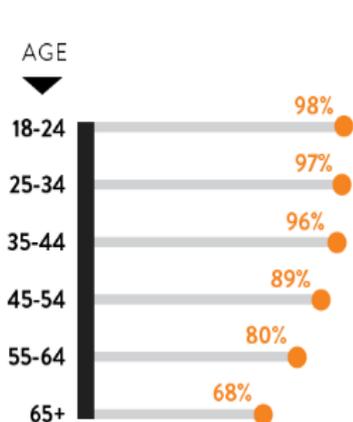
After a brief description of the main characteristics that Western Millennials have I would like to start to go deeper in what is the focus of this study: the communication and the ways in which Millennials interact and their purchasing behaviours.

I will start talking about the communication of this generation, always keeping an eye on social platforms and in particular Western social platforms. I will divide the type of communication in three: the communication with each other, the communication with brands in general and the communication that affects the purchasing decisions.

1.2.1 Communication with people

In my opinion understanding how this generation communicate it is of vital importance to my study because it will allow us not only to see in which ways the communication has changed from previous generations, but also to give us a starting point for knowing which apps are mainly used and why to communicate.

The study will not take in consideration the sociology aspects of communication, I will not see communication as the process by which information (written or verbal



information) are exchanged through symbols, signs or behaviours among individuals. I will speak more about the ways by which this generation interact, and also with which devices or tools it does so.

Starting with tools, and in particular with hardware, we can see how Millennials do not use laptop or desktop computer anymore to communicate. This is of course not just a Millennials' trend, also older generations

Figure 1.2. Source: Nielsen Mobile Insight, 2016, U.S. Smartphones

changed their main tool for communicating.

A Nielsen research of 2016 show the smartphones ownership among different age ranges¹⁵ (fig. 1.2).

It is clear that the main way to communicate nowadays is through the use of mobile phones, and in particular smartphones.

Another interesting trend is the slow adoption of smartwatches. Although as we have already seen this generation strive for new technological devices smartwatches are seen as something useless. Watches in general are used for their fashion, for their design and attractiveness. For tracking the activities or just see what time it is the smartphones are still on top of usage¹⁶.

Moving forward I will focus now on which are the communication preferences of these generation. We can start noting the antipathy to phone calls.

A recent study of O2, the European telecommunication company, showed that smartphones users spend just 12 minutes per day making calls against the 25 spent browsing the internet, the 17 on social networking, the 16 listening to the music and the 13 playing games. Placing the “telephone” apps at the fifth position in the most-used app ranking.¹⁷

But why Millennials not use phone calls anymore? They prefer written communication of course, they were born in the era of instant messaging and texting, but there is something more, for Larry Alton from Forbes the reasons are two:

“Messaging are instantaneous, but provide you the ability to think over your words, they’re more comfortable and precise communication forms. It could also be that phone calls require a kind of interruption to someone’s day, while text messages and emails can be opened and read at the recipient’s leisure.”

¹⁵ Nielsen, “MILLENNIALS ARE TOP SMARTPHONE USERS”, 2016, retrieved at: www.nielsen.com/us/en/insights/news/2016/millennials-are-top-smartphone-users.html

¹⁶ Elizabeth Segran, “Millennials Think It’s Time To Bring Back The Analog Watch”, 2017, retrieved at: www.fastcompany.com/40434548/heres-why-millennials-are-going-wild-for-inexpensive-analog-watches

¹⁷ O2, “Making calls has become fifth most frequent use for a Smartphone for newly-networked generation of users”, 2012, retrieved at: news.o2.co.uk/press-release/making-calls-has-become-fifth-most-frequent-use-for-a-smartphone-for-newly-networked-generation-of-users/

So what about text messages¹⁸? A survey conducted by Gallup has shown that the 68% of Millennials text “a lot”¹⁹. Data are not surprising if we think that nowadays messages are used for everything. Chat group for getting in touch with colleagues, for meeting friends or just for scheduling the next football game are created almost every day. With messages we can send reactions, pictures, videos, animated GIFs and so forth. There are apps able to create contents that will be deleted after being opened as Snapchat, apps to meet people and to hook up also. Moreover they are instant and mobile, they can be exchanged at every time we want. They are quicker than emails but, as already stated, they give us the opportunity to think about what to text.

Talking about emails, they are also a method for interacting. In our minds though they are maybe more related with work and they don't seem friendly and funny as messaging. But still Millennials are using them a lot. Why? Maybe because they are not quick as messages. They are less urgent, nobody expects an instant reply to an email and also they are more structured, we can organize them as a letter, diving what we want to say in paragraphs or bullet points.²⁰ In this way they are used to communicate important messages, they can be read immediately but be written in a couple of days.

Finally the last way to interact for Millennials can be seen in social networks.

With social networks the communication and the interaction among people can be done in many ways:

- Blogging, I will define blogging as the writing of something on-line, this is not related with the content creation and sharing. It is related with the writing of a thoughts, an idea, an experience or an opinion. It doesn't mean that the blog cannot contain images, links or video, but these content have to be the frame of one's expression of thoughts. Blogging, also, has two characteristics: it has to be a periodic activity, meaning that the expression of someone's observations has to be updated frequently; and the final aim of this activity has to be the creation of engagement.

¹⁸ With the term “text messages” I refer to both text messages and instant messages since the difference, for the sake of this study it is not relevant.

¹⁹ Frank Newport, “The New Era of Communication Among Americans”, 2014, retrieved at: news.gallup.com/poll/179288/new-era-communication-americans.aspx

²⁰ Larry Alton, “Phone Calls, Texts Or Email? Here's How Millennials Prefer To Communicate”, 2017, retrieved at: www.forbes.com/sites/larryalton/2017/05/11/how-do-millennials-prefer-to-communicate/

Social networks here are seen as a bridge between blogs and the audience. The networks themselves can be considered as a blog (you share ideas, thoughts on your Facebook home) but they are not, we can think about a social network as a “bunch” of blogs. A blog is personal, there is no competition with others’ feeds, people follow a blog because they like what it is written on it, meanwhile add a friend on Facebook or follow someone on Instagram is more about creating social interaction. In this way the bloggers create a bridge because the audience on social network is bigger but the relation with it on blogs is stronger.

Coming back on Millennials it is important to note why they are riding this trend. In my opinion the main reason can be seen, firstly in the need for personal satisfaction deriving from a like or a follower, and secondly in the need of expression, Millennials has many things to say, after all this is the higher educated generation in history and they know really well which are the benefits for having a big community of followers on a blog. Many Millennials become entrepreneurs fundraising form blogs meanwhile others got employed sharing their thoughts and they ideas.

- Posting and creating contents: the creation of contents and its sub sequential share is definitely the main activity that Millennials do on social network.

I will define “content creation” as the development of contents with the aim of sharing. Contents can be seen as any information in the form of digital data. This term refers to any form of information: a video, an image or a simple set of words; broadcasted, streamed or shared with an audience. The aim of sharing can be to educate, to inform or simply to entertain.

The content creation in general in now the obsession of our society. DOMO, that is a computer software company specialized in business intelligence and data visualization, publish every year an info graphic called “Data never sleep” where it displays the amount of data being created, consumed and stored inside every organization in the world. I took from this info graphic some suggestive information in order to better understand the impact of the content creation activity on our society. I found that, worldwide, in every single minute:

- 527.760 snaps are share on Snapchat
- 46.740 phots are posted by Instagram users

- 456.000 tweets are sent by Twitter users ²¹²²

This numbers are explicative of the aforementioned impact of content creation in the digital era on our society.

In these terms Millennials are defined as the “content creating generation”, they are the most prolific content generators being born in the digital era. They create and share contents as stories, snaps, pictures, videos, links and so forth in an obsessive way. So obsessive that they invented a new job: the influencer.

Influencers get paid for posting contents related with brands and for advertise products. But why Millennials are so obsessed? In my opinion it is all a matter of self-expression. They are unsecure and they see affirmation in these kinds of activities, they don't want just to live experiences, they want to showcase them showing to everybody what they are doing in order to gain attention, to be accepted and to distinct themselves from others.

To conclude this part I would like to highlight some reflections about the internet based communications, which are the focus of this study. Going deeper it is important to note how Millennials are changing the future of communication. It is for this reason that phone calls, as a way to interact, will not be taken in consideration.

The use of mobile devices and with them of apps able to connect people in every moment is widespread as I already noted. Chat apps in particular, are making the biggest impact in terms of number of users and engagement rates. Whatsapp and Facebook Messenger are the most used and overtook totally the use of apps for emailing like Google email and the use of social media such as Facebook and Instagram, reaching more than 3 billion monthly active users in the world.

Business Insider Intelligence show us the use Monthly average Users of the apps related to the aforementioned ways to communicate (fig. 1.3):

²¹ Josh James, “Data Never Sleeps 5.0”, July 2017, retrieved at: www.domo.com/blog/data-never-sleeps-5/

²² The study took in consideration all contents shared on the internet. This means that these numbers refer to every ethnicity and every age-range. Moreover it takes in consideration contents created by individuals as well as contents created by companies, governments and other entities.

Global Monthly Active Users, By Communication Type
Millions

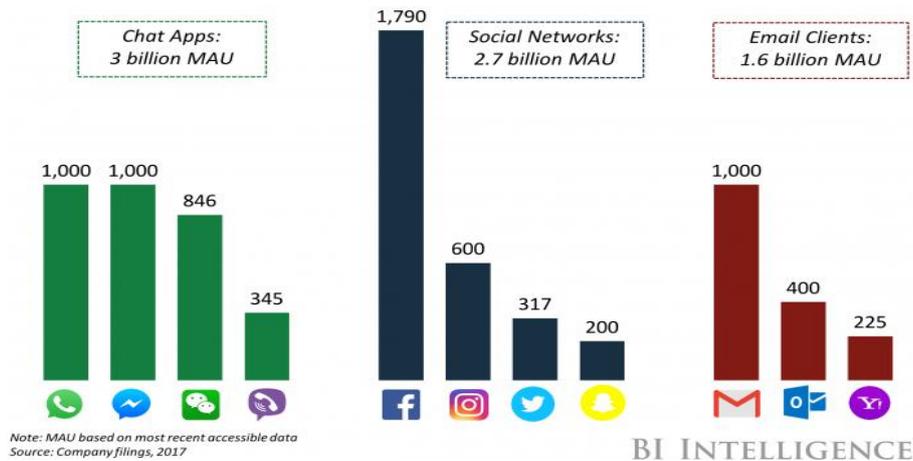


Figure 1.3. Source: BI Intelligence.

In this way, these apps are changing the consumer behaviour remodelling the way people communicate on-line. Here we are not talking just about the communication among people but also the communication with brands and the “formal communication” that Millennials have at work²³.

The overtaking of emails means that also when working the younger, prefer to speak with chat apps, making the tone of voice more informal, sending pictures or using the popular emoji²⁴. On the other hand when we refer to brands communication, Millennials feels frustrated if they have to solve a problem with a separate service, when the problem could be solved easily with a chat app.

²³ Laurie Beaver, “Here's how millennials are impacting the future of communication”, 2017, retrieved at: www.businessinsider.com/heres-how-millennials-are-impacting-the-future-of-communication-2017-1?IR=T

²⁴ Larry Alton, “Phone Calls, Texts Or Email? Here's How Millennials Prefer To Communicate”, 2017, retrieved at: www.forbes.com/sites/larryalton/2017/05/11/how-do-millennials-prefer-to-communicate/

1.2.2 Communication with brands

In this section I will refer to the on-line communication that Millennials engage with brands. In particular the communication done via social media.

I will focus on social media communication for two reasons: firstly it is the key point of the whole study I am conducting and secondly we have already seen that the preferred way Millennials use for communicating is the social world. This particular “place” is preferred not only for communicating, but also for communicating with brands.

The starting point is that Millennials expect brands to participate in social media, they don't just like a brand that is present, they expect brands to be present. Every aspect of their life is tightly linked to social life and so communication with brands just follows.

But be present is not enough anymore. Brands have to interact with Millennials, they know that tags, mentions or likes can be seen, in this way they expect brands to reply to them. This encourages brand loyalty because they feel closer, they see that their inputs matters and that they can control and influence brands. An interesting tool in this sense, already used by many companies are Chatbots: an Artificial Intelligence able to respond to human interactions through the use of voice commands or text chats. Usually we can see this tools as texting application, they allow users to get instant responses to their questions about products, brands, store locations and so forth.

Moving forward we can observe that the communication on social media is done mainly with the so called “content creation” already mentioned and defined. But when it comes to brands the use of this tool changes, indeed there are many researches that study how to engage with Millennials with contents. The main problem is that Millennials are experts of contents, they create contents, they spend the most of their time on contents and in this way it is hard to “trick” experts. The most of them find the brand content communication really important but they are not satisfied. So how to engage with them?

First of all we have to keep in mind that Millennials are no longer fascinated with contents that shows the product or service offered by brands. This is advertising and not brands communication. Contents are the opportunity to move ahead, brands don't have to advertise but to establish brand authority and brand loyalty through the

creation of a relationship with customers. This mean communicate the values and the vision of the company to its target through a well-defined editorial strategy.

The start here is the target of the communication strategy (that many times can be different from the marketing or commercial target). The brand have to speak to the right target and in the right way using the right tone of voice and it has to be consistent on every channel, for example on owned media, earned media or paid media channels.

Coming back to contents and leaving behind the strategy definition, which is not the core of this study, I will focus now on the content creation. A really interesting study conducted by NewsCred (the world’s leading content marketing platform), shows some precious insights for understanding how Millennials see contents today, and, although the study is from 2014, in my opinion it can be seen as a good reference.

NewsCred conducted a survey to find out on which contents Millennials respond positively. The findings were that they want contents tailored to: their age, their personality and their cultural interests²⁵. This means brands need a really deep understanding of the socio cultural context in which their target operates, before to engage in activities as sponsorship, celebrity endorsements and so forth, brands have to keep in mind what Millennials care about studying every detail of the targeted group.

But this is not enough. Nowadays we are bombarded with thousands of contents, the implication is that we have learned how to ignore things we don’t value. So what do

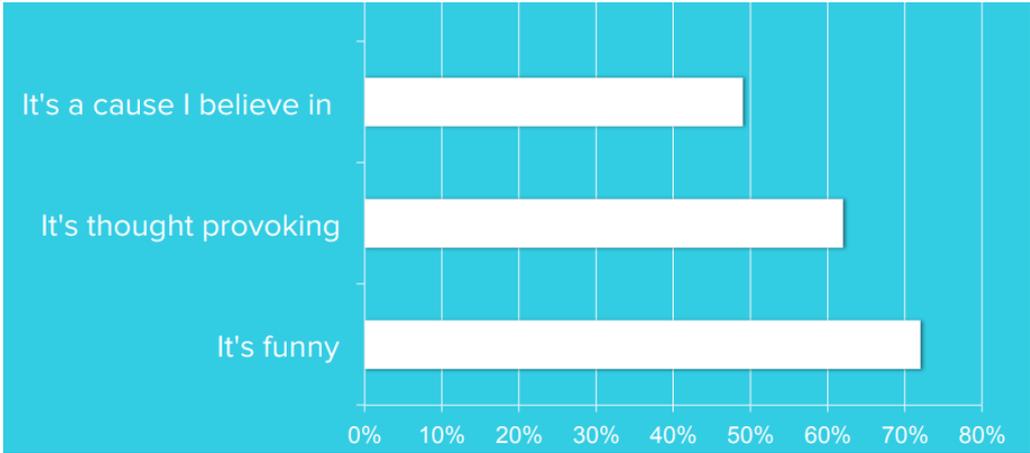


Figure 1.4. Source: NewsCred Millennial

²⁵ NewsCred, “The Millennial Mind: How Content Drives Brand Loyalty: A quantitative research study conducted by NewsCred in 2014”, 2014, retrieved at: www.newscred.com/wp-content/themes/newscred/assets/downloads/guide/NewsCred_Millennial_Mind.pdf

Millennials value? The research of NewsCred (fig. 1.4) shows us that they value two types of contents, the content that delivers messages able to interests and moreover to teach something to their audience and the contents that are provoking and intelligent. This means contents has to be a positive reflection of the brand's perspective.

But Millennials not only like and pay attention to provocative and intelligent contents, they also share them. Together with funny contents these are the main characteristics they have in mind when sharing something. When it comes to data we can see in the graph how much attention they put in funny contents. Everyone loves to laugh but there is something more: here the focus is not just on laughing but on emotions. They want a reason to connect with brands. The emotional lead is really hard to obtain but is also the best way for gaining authority and loyalty.

1.2.3 Communication affecting purchasing behaviours

This part is expected to be a bridge between communication and purchasing habits. Precisely, I will speak about those methods able to change the purchasing habits that are related to the communication and more specifically to on-line communication.

As we have already seen Millennials are integrating social media and technological devices (mainly smartphones) in their life, so in not surprisingly to see that these tools are able also to influence the purchasing behaviours.

When it comes to communication, there are many factors that Millennials take in consideration before to make a purchase. Here the communication is tightly related to purchase decision so I will study just those communication tools able to influence a purchasing decision.

The tools that I will describe in a more detailed way are: the ability to be advised by known people and the capability to ask question about the product on-line, especially the ability to read ratings or review.

Starting from the ability to get advices and recommendations from people that customers know we can observe that cell phones are used, also in store, for making calls

for getting advices and assistance. PEW Research Center founds that 59% of Americans adults call or text someone to discuss a purchase. In the research four different ways for using the mobile phone while inside a physical store were investigated, besides calls and text messages the other uses were: look up reviews or other product info (45%), try to find a better price online (45%) and pay for an in-store purchase (12%).²⁶

When it comes to Millennials the findings are confirmed: 68% of people aged between 18 and 29 use their phones to call or text to discuss purchases. This statistics is really significant because it witnesses another important behavioural trait of this generations: they are heavily influenced by their friends and family. Once they have gained advices and recommendations they act really confident about the purchase. This means that they rely heavily on input from their social circle for making product decision²⁷.

This trend is also confirmed by the ability to look up for reviews and ratings. Almost 40% of the American Millennials surveyed by Barkley institute said that they use consumer online reviews and blogs to make the final decision on a purchase (against the 25% of Non-Millennials). Looking for online reviews and ratings is something really common and regularly incorporated into the purchase decision. Nowadays we have access to a vast amount of customers' ratings to consult instantly, but this brings another problem: the trustworthiness of the sources. This problem is resolved with the experience gained with reviews, the more customers use these services the more they become trustful.

The communication tools described can be seen as passive (people look for information) and are used before to make a purchase. But what happen after the purchase is made?

The communication become active and the customers no longer look for information but share them. In this case as well I will take in consideration only the sharing of information online. PEW Research Center run a survey on Americans in which they were asked how often they post their own online reviews of three types of purchase: products, restaurants and services. The findings were that around one in ten Americans "always" post their own reviews, while roughly half do so "sometimes". Findings were

²⁶ Aaron Smith and Monica Anderson "Online Shopping and E-commerce" Pew Research Center, 2016.

²⁷ Jeff Fromm, Celeste Lindell and Leine Decker, "AMERICAN MILLENNIALS, Deciphering the Enigma Generation", Barkley with The Boston Consulting Group and Service Management Group, Kansas City, 2011.

quite similar for every age, meaning that many customers (Millennials in particular) look for information online, but just a little share their own reviews. But when it comes to feelings and thoughts things change: 55% of people aged between 18 and 29 said that they share their experience about a product or a service from a certain company on social media as Facebook and Twitter²⁸.

The explanation of this gap could be seen in the easiness of the posting activity on social media in comparison with dedicated website for reviews such as TripAdvisor. Spending the most of the time on social media, it is instant to post a good or a bad experience on Facebook's home meanwhile we are on that app for other reasons. On the other hand write a review means connect to a dedicated website or app and put oneself in the position of be read from others and be trust from others for the review, wasting time and pretending to have enough experience to be a reviewer.

²⁸ Aaron Smith and Monica Anderson "Online Shopping and E-commerce" Pew Research Center, 2016

1.3 Purchasing habits and behaviour

After having investigated the ways Millennials communicate and interact, in this section, I will describe their purchasing habits and their behavioural tracts in function of this activity.

I will start describing some patterns that will help to better understand the decisions taken by this generation and the key motivational factors that they take in consideration when making a purchase.

After this brief introduction, I will move to what can be considered the most important part of the purchasing habits: the online shopping.

Lately I will introduce the new modes of payment discussing how they impact on Millennials purchases.

1.3.1 Patterns

I would like to start analyse the purchasing habits and behaviour of Millennials defining some patterns. These patterns show big differences in comparison with previous generations and will be helpful to understand better how Generation Y is changing the rules of shopping.

Millennials focus on the value of the purchase not on its convenience. Lindsay Drucker Mann of Goldman Sachs Research speaking on Goldman Sachs' "Exchanges at Goldman Sachs" podcast²⁹ says:

"Millennials are willing to spend, but overall, they're not leveraging themselves up to make their dollars go further; they're being much smarter and much more conservative about their balance sheets".

²⁹ Hugo Scott-Gall, Lindsay Drucker Mann and Christopher Wolf, "My Generation – What Your Birth Year Says About How You'll Spend", 2017. Retrieved at: www.goldmansachs.com/our-thinking/podcasts/episodes/01-10-2017-my-generation.html

This doesn't mean that they don't spend but that they do so accordingly with their budget, and moreover, they buy things they value without being impulsive. They wait until a good deal comes up, comparing prices for many items on different websites.

Another research by JP Morgan shows which things they value the most, actually. In comparison with other generations they value experiences more than assets. As we already have seen, they are not eager to possess things, they use things to achieve a scope, sharing assets instead of buying them. In particular the research shows us that meanwhile non-Millennials prefer to spend money for things such as: grocery, retail and transportation and fuel; Millennials use their money for experiences like: dining, travels and entertainment³⁰.

Another interesting pattern, already observed, is the need for affirmation coming from peers and people that Millennials know. The constant research of inputs from people coming from their social circle is not just an on-line communicative trend. They need a high degree of confidence before to make a purchase, and they seek this confidence taking advices from family and friends (both on-line and in person). This make Millennials to also shop collaboratively, in this way it is easier to gain advices and inputs from the people they trust.

The need of affirmation is also witnessed in the importance they give on every purchase they make. They link purchases to personal success and to their status. In this way 40% of Millennials surveyed by Barkley admit that they would pay extra for a product consistent with the image they want to convey³¹.

When it comes to brand the thing that drive their decision the most is of course the price. Barkley research shows that 64% of Millennials surveyed switch brands for sales or promotion and 45% will go out of their way to shop at stores offering rewards programs³². In this way we can see how discounts are big drivers for purchasing decisions. Many Millennials look for coupons before making purchases, most of the time

³⁰ Gordon Smith, Barclays Global Financial Services Conference, 2016. Slides available at: www.jpmorganchase.com/corporate/investor-relations/document/2016-barclays-presentation.pdf

³¹ Jeff Fromm, Celeste Lindell and Leine Decker, "AMERICAN MILLENNIALS, Deciphering the Enigma Generation", Barkley with The Boston Consulting Group and Service Management Group, Kansas City, 2011.

³² Jeff Fromm, Celeste Lindell and Leine Decker, "AMERICAN MILLENNIALS, Deciphering the Enigma Generation", Barkley with The Boston Consulting Group and Service Management Group, Kansas City, 2011.

they do this research online, joining groups or subscribing for brands pages. The important thing to underlie here is that in an economy really fast and simple spend some time for looking up for coupons or for subscribing is significant and shows how price is a really important motivator.

Of course what was just mentioned applies generally on every merceological category but there are differences among categories, so at this point it is interesting to study the behavioural patterns of Millennials in the two most important industry: grocery and retail.

Barkley's research shows important trends related to the purchase of grocery's goods. The research highlighted that:

- Millennials shop different grocery store formats, meanwhile other generations rely mostly on grocery chain stores, this generation in moving away from these stores.
They prefer to shop in mass retailer and convenience store. This is not surprising if we take in consideration what already stated: Millennials care about the price and value really much discounts. What is really surprisingly is that, in comparison with other generations, they shop more frequently in speciality food store, showing that they love convenience but also they like to eat well and to feel creative enjoying to cook particular meals.
- Shopping trips are dominated by stock-ups and replenishment. The primary reasons that bring them to the stores totally change in comparison with previous generation. The reasons that differ the most are:
Don't have anything to serve for a meal, don't have an ingredient for a recipe, feel moody for a particular food and will to treat themselves to a special item.
- The consequence is that Millennials also shop more frequently. They tend to shop when they need it. It is common for a Millennial to shop three or four times per week. The explanation can be that they shop spontaneously because they are in the mood for a particular kind of food or just because they avoid planning.

- When it comes to parenthood they tend to plan more and economize more, aligning their habits with previous generations³³.

For what concerns the retail sector we can see that Millennials are moved by convenience and flexibility, this relates with technology: they want to purchase, pay and conduct researches online with their mobile devices, this is a predominant need for them. This doesn't mean they don't like brick-and-mortar shops, because this is still the preferred way to shop, indeed the "real experience" is still of paramount importance; but, online and offline channels have to be integrated, the online channel has to be the support of the purchases allowing them to look for insights, such as information, ratings and review, and promotions. Promotions in particular are something they expect in store as well as online.

They also look for personalized experience, they are selfish and hard to convince so they search professionals customer services, they pretend that their preferences as well as their needs have to be understood. They pretend a customer-centric shopping experience. Millennials want to feel wanted and valued and this is the most important way to create loyalty because they don't want to feel all the same, their individualistic spirit make every Millennial different from others³⁴, and although commonly we think that this generation is not loyal, leveraging on this aspect and on rewards programs, such as discounts and coupons, can create really strong brand loyalty, because this will make them feeling treated like a valued customer.

We have to take in consideration also that they are built upon their lifestyle, as already observed they seek rewards and they knows that status matter, so they want to reflect themselves in every purchase. This is also explained by the will to share every aspect of their life with their social audience, they want to show to the world everything they do because it is related to the image they have of themselves. This image is heavily influenced by their peers but not only, they are also influenced by celebrities as bloggers and you tubers and they rely on this people for every purchase they make.

³³ Jeff Fromm, Celeste Lindell and Leine Decker, *"AMERICAN MILLENNIALS, Deciphering the Enigma Generation"*, Barkley with The Boston Consulting Group and Service Management Group, Kansas City, 2011.

³⁴ Tom McGee, "How Millennials Are Changing Retail Patterns", Forbes, retrieved at: www.forbes.com/sites/tommcgee/2017/01/23/the-rise-of-the-millennial/#72c9d5025f74

1.3.2 On-line shopping and e-commerce

I will define in the course of this study the on-line shopping as the mere transaction (money exchanged for a good or a service) between a customer and a seller. The E-commerce, on the other hand, will be defined as the activity to sell on-line that encompasses advertising and all the tools able to create and define a shopping experience.

Pew Research Center in its study “On-Line Shopping and E-Commerce” stated that, in a survey conducted on U.S adults 79% have made an online purchase of any type, while 51% have bought something using a cell phone and 15% did so following a link from social media. These statistics are emblematic of the importance of E-commerce nowadays.

When it comes to Millennials, statistics are even more dramatic: 90% of this demographic group bought something online, 77% did so using their phone and 24% bought something through a social media link, witnessing how this trend impact the most on this group. But I have to underline that the study focus on buying something, this does not mean that customers shop usually and frequently online, indeed as already noted, Millennials, as other generations, well appreciate the benefits of brick and mortar store, or better, they like to try products before to make a purchase. The two things are related and take us to the phenomena of showrooming, which is the practice of examining merchandise or products in a store and then buying it online for a lower price³⁵.

So let's make a step behind: what are the reasons why online shopping is a growing trend? Which are the benefits deriving from purchase online?

I think that benefits are many:

Buying online give us a total freedom to shop when we want and what we want. There are no queues to follow no waste of time for waiting a shop assistant. Moreover we can shop at any time 24/7 and easily schedule the delivery of our purchases. Lastly we can

³⁵ The definition was picked up from Investopedia Website:
www.investopedia.com/terms/s/showrooming.asp

buy things that could embarrass in public, discreet purchases in this way become totally secret.

The assortment is basically unlimited, we can find goods of several brands from different places in the same website, allowing us to choose sizes and colours that are not easy to find in physical stores and also to compare prices of goods coming from all over the world.

Shop online is also “comfortable” we can spend how much time we want on every single item making the shopping experience less compulsive. Moreover many websites are designed really well so buy become really easy and accessible even for those that are not experts of E-commerce. Moreover also experience the brands and products become easier, as I already stated many purchases were made following a social media link to a website, this mean watch contents able to drive our attention on a specific item.

But finally, when it comes to E-commerce the most important benefit it is always the price. Pew research showed that fully 65% of online shoppers indicate that if they need to make a purchase they would probably compare price they could get online with the price of physical store and choose the one that offers the best deal. The choice most of the time goes to E-commerce of course, cheap deals and better prices are widespread because there are less costs: the products go directly from the manufacturer to the seller without involving middlemen.

All the benefits just mentioned has to be taken in consideration thinking about which goods category someone buys, it is indeed really different to buy a car or a book. Statista, one of the leading statistics companies on the internet, shows with an online survey of 30000 respondent worldwide, the most performing category online, the top five are:

Fashion-related products, travel products or services, books/music and stationery, IT & mobile and event tickets³⁶.

This statistic show us how on top we find many products and services heavily subject to discount and with high value. This is another confirmation that price is the main driver for opting for online shopping.

³⁶ Statista.com, “Share of internet users who have ever purchased products online as of November 2016, by category”, 2016, retrieved at: www.statista.com/statistics/276846/reach-of-top-online-retail-categories-worldwide/

Reading this data with an eye on Millennials we can understand why this trend is so widespread among them. I already showed how sensible this generation is about price, especially about deals and discounts. But it is not all about price, they are digital savvy, and heavy internet users, they rely on their smartphones for almost everything. In this way it is easy to understand that it allows them to interact more with brands and also to look for products comparing prices and evaluating alternatives.

Moreover platforms for purchasing online are also becoming easier to use than websites and are leading the trend for E-commerce. Meanwhile older generations feel more comfortable with a website and buy products just when connected with a computer, Millennials with apps can buy many products at every time being always connected with their smartphones and this is another important aspects of the E-commerce diffusion among this generations. Lastly I already spoke about how brands communicate on social networks and how Millennials are changing the patterns for online communication, if we put together a strong presence on social media able to make them experience always better products and a direct link to the brands' marketplace, we can understand how huge can be the impact of social media on E-commerce and also how much Millennials drive this trend.

Taking again the communication patterns aforementioned in consideration, there are other trends to underlie. I have just described how huge the impact of social media on online purchasing habits for Millennials can be, but there are another communicative factor that can drive the purchasing decisions: reviews.

I already spoke about the importance of online reviews and how they are able to impact on purchasing decision in general but when it comes to online purchase this factor is even more important. We know that reading reviews is really common among Millennials but Pew Research Centre found that there is a correlation between reading online reviews and the frequency of shopping online:

67% of weekly online shoppers say that nearly always they read customers review before to make a purchase.

But this trend doesn't stop at reviews, 55% of U.S. say that they have watched product videos before to make an online purchase. This observation links contents with

purchasing habits and shows really well how social media are big drivers in the purchasing decision³⁷.

This trends can be explained by the fact that online shopping many times is felt as not safe and perceived as tricky, in this way read reviews and also watch product recommendation can be a big help in trusting purchasing platforms and sellers online.

At this point I would like to investigate which devices are used predominantly when purchasing online. I already said that the use of smartphones is really diffused and that probably it is the most used device when purchasing but now I want to go deeper.

Following a research conducted by PFS, a company that provides globally omni-channel commerce solutions, we have to divide the devices in two main categories: mobile devices and desktop computers.

The mobile devices are used for the so called “mCommerce”³⁸, and the most used device of this category is the smartphone, attributing its widespread use to convenience, brand promotion on social media, and brand apps available for downloading we can see that:

- 79% of millennials said mobile devices introduced them to a new brand or product.
- 54% said shopping apps were streamlined and easier to use than online sites.

But when we compare those devices with desktop laptop we can observe how the last one is the more used device when it comes to purchasing. With 60% of Millennials using this device for making purchases, the trend can be explained by the facts that: the checkout and the navigation processes are definitely easier with a desktop with mouse and keyboard than with a touchscreen³⁹.

But it is important to underlie that desktop computers are mostly used for the purchasing online but not for making purchasing in general. Indeed smartphones overtakes the use of desktop computers as devices able to assist the purchase and not only for doing the final transaction. We have already seen how they are used for

³⁷ Aaron Smith and Monica Anderson, “*Online Shopping and E-commerce*”, Pew Research Center, 2016.

³⁸ mCommerce is defined as the “Use of wireless handheld devices such as cellular phones and laptops to conduct commercial transactions online”. Investopedia definition, picked up from: www.investopedia.com/terms/m/mobile-commerce.asp

³⁹ Jaz Frederick, “Current trends among millennials and online shopping”, PFS, 2015, retrieved at: www.pfsweb.com/blog/current-trends-among-millennials-and-online-shopping/

checking for reviews and assist the shopping experience but there is more, they are also useful for mobile payment. I will discuss this topic in the next section.

1.3.3 Payment methods

Today the economy is moving fast and every day more and more purchases are paid with different methods that don't involve cash. The physical currency is slowly fading away because people are moving toward new payment methods.

We ended the last chapter observing that customers use their smartphones for many tasks when purchasing and one of those tasks is definitely the payment.

Starting from the beginning we can see in the Pew research on online shopping and E-commerce how today the 51% of Americans indicates that they typically make purchases using cash and other ways of payment during a typical week⁴⁰, mixing and matching cash and other modes of payment.

But there are differences among USA, Europe and other countries or other macro geographic areas. In Europe, for example, the use of credit cards is on the rise but payments in cash are still strongly preferred in the most of the countries. Taking in consideration the case of Germany we can observe that although Germany is considered the first European country for adopting innovations, it is still very conservative when it comes to payment methods, in particular according to a report conducted by the Federal Reserve we can see that roughly 80% of transaction are made in cash (even for big amount transactions), these for reasons related with the easiness of tracking of the money and for the anonymity of these payment method⁴¹. But these tendencies vary a lot from country to country, indeed, also in Europe, there are areas in which cashless methods are widespread, this is the case on countries from the north, such as Sweden and Norway, while southern and eastern Europe countries (as Spain and Italy) still rely on cash for the most of their transaction.

⁴⁰ Aaron Smith and Monica Anderson, *"Online Shopping and E-commerce"*, Pew Research Center, 2016.

⁴¹ Espen Grimstad, *"Payment methods in Europe"*, Payr Blog, 2017, retrieved at: www.payr.global/blog/payment-methods-in-europe

Cashless Payment Worldwide (in %)



Figure 1.5. Source: Statista.com

The situation varies also for other geographic areas, as we can see from the figure 1.5., showing us the percentage of cashless payment in every macro geographic area.

We can note that globally, although the world is progressively moving toward digital payments, cash is still preferred for worldwide transaction, especially in under-developed countries.

Coming back on the diversity of payment methods, we can note that the other ways for purchasing that we can take in consideration, excluding cash, are: the use of credit or debit card, the use of checks, the use of other currency not physical (such as Bitcoins) and lastly the use of smartphones through the use of the so called “digital payments”. For the sake of this study I will focus on the payment through the use of smartphones and digital payments⁴².

⁴² When I will refer to the payments done through the use of a smartphone I will take in consideration all the transactions between a buyer and a seller done using this device. In this way I will talk about purchasing done online with the use of a credit card, purchasing done in real time swiping or scanning the cellphone at the register and also payment done via online banking. All these modes of payment can be reassumed with the term “digital payments”.

To better understand the phenomena of digital payments I will recall a study conducted by Accenture on 4000 consumers in North America, which shows a forecast of the use of this methods of payment in 2020 versus their actual use in 2016⁴³ (fig. 1.6).

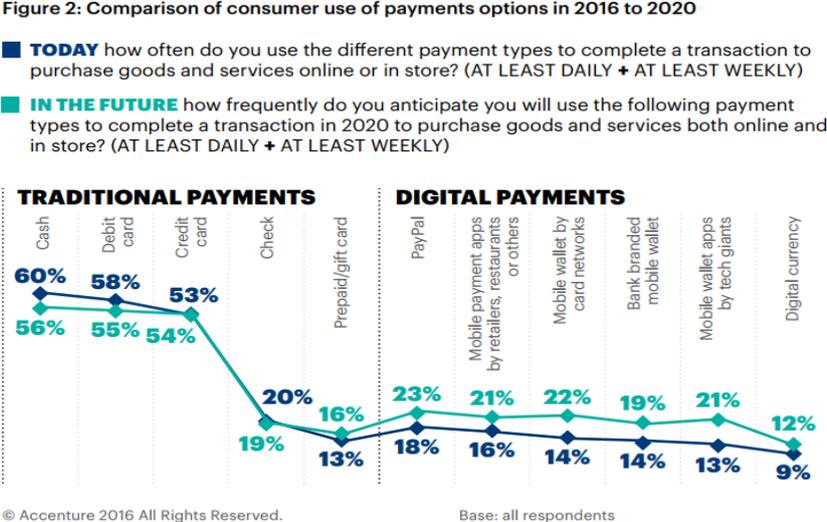


Figure 1.6. Source: Accenture.com

Although it is important to underlie how this trend will increase but not exponentially, Accenture explains that this increasing trend is mainly driven by Millennials. Indeed in their study, they show that the 35% of this generation use their mobile phones to pay online compared to 23% of average consumers.

But even if this generation embraces digital payments more than others it is clear how, now as well as in a couple of year, they will still use largely traditional forms of payments like cash and debit and credit cards.

The advantage of using digital payments are many, but they are definitely overwhelmed by the drawbacks of using this method.

Pay with digital payments is quick, we can transfer money at every time in every part of the world in a couple of second. It is also easy, platforms are user friendly and when it comes to store, nothing is easier than simply swipe the phone on a register.

⁴³ Accenture Consulting, "The Edge of a New Frontier", 2016.

But on the other hand, this type of payments are not always secure, many people feel them as not trustable and in addition even if they feel comfortable many retailers do not accept this type of payment. Witnessing how this trend is not perceived as something that will change the market really quickly. Moreover there is no big awareness about all these methods for paying and many people don't even know that is possible to pay without cash or plastic cards.

To conclude this section we can say that online payment methods are the future, they make transactions easy and quick, but there are always risks correlated with this method of payment and also Millennials that are digital native, prefer many times cash or credit cards for paying, instead of using an app.

In this sense we can distinguish two different context: the first is the one where transactions are made only or mostly with traditional method of payments, such as credit or debit card and cash, and the second where the use of app for payments is spreading quickly.

Implications for companies are straightforward: in contexts when it is difficult to make consumers rely on payments done with the use of apps they have either to focus on online communications to take consumers on physical stores where traditional methods of payments are accepted, or enlarge the methods for online commerce. In this sense COD (or cash on delivery) payments are already used by many e-commerce companies for dealing with their consumers that feel afraid to pay on-line. But there is a pay-off for companies in this sense, COD can be risky for seller because consumers may refuse the goods at the delivery increasing the uncertainty of sales. There are important valuations for companies to do before to move on COD, for example Amazon decided to use this method of payment in India because the Asia's third-largest economy had diffused problems with the ownership of credit cards. In this case Amazon was forced to adopt COD, given the size of the market and the aversion of Indian population toward credit cards and payments done on-line or with apps.

On the other hand, for companies operating in contexts where payments done with apps is well accepted and widespread, the focus has to be the e-commerce. Allowing customers to buy and pay on-line could increase exponentially sales because it will make purchases faster and easier. This can make consumers to shop more and also to shop

smaller, meaning that relying more on app they will use these payment methods for shopping also small goods and not just for making huge transaction. But of course also here there are important consideration to make for companies, develop on-line market places has a cost, and also more important develop tools that allows consumers to pay with the scan of a smartphone has also a cost. Before to develop these tools considerations has to be made specially for allowing the in-shop payments. This relates very tightly with the environment in general and with competitors. Consumers wants to engage in these new payment methods just if they have the freedom to use them in every place and in every shop. It is difficult to adopt these methods if there are no possibilities to use them.

2. Chinese culture and Millennials

In this part of my dissertation I will try to give a general landscape able to highlight some of the particularities of Chinese Millennials. On the one hand, it is important to specify that, as Millennials, this group expresses strong similarities with their occidental counterpart.

But, on the other hand, it shows big differences at the same time, and the main aim of this investigation is to assess these differences. What differs is the background in which these two entities operates. The context is totally different because the culture, the social structure and the historical development differ a lot from one to another.

In this way I will try to attempt these divergences starting from a brief description of the Chinese context through the study of the geographical settings, the historical developments and the political settings. Moving forward I will take into account the cultural consideration given by the social structure, the interpersonal relations and the conflict management. Finally I will describe more in particular Chinese millennials, highlighting the main differences with their occidental counterparts.

Before to proceed I want to specify that in this part I will describe Chinese Millennials depicting the context in which they operates and highlighting their cultural dissimilarities in comparison with Western world but I have to highlight that, as Millennials, they belong to the same group of individuals of their counterpart, in this way I will not repeat the generic characteristics already mentioned in chapter one that applies on both groups.

2.1 Chinese culture

In recent years, there has been an increasing interest in China. The importance of China is becoming every year more and more important. In 2010 it surpassed Germany to become the world's leading exporter. It has also become the biggest trading partner for European Union and for United States and its economic measures are able to influence almost all the markets around the world, marking China as one of the major player in the international economy⁴⁴.

Apart from this, China is drawing many attentions for all the complications related with its political settings, the violation of human rights and the environmental concerns that arise from its labour management that is totally different from Western countries.

An additional motivation for studying this country and its culture is the sheer size of the population that nowadays accounts for 20% of the global population.

2.1.1 Chinese Context

As already stated I will start discussing the Chinese background starting from the geographical settings of this country, its historical developments and its demographics and political settings. All these topics gain relevant importance when we talk about China, because they diverge heavily from the Western world. We will see later all these divergences and the reasons why they are so important to address.

⁴⁴ Edwin R. McDaniel, "The People's Republic of China: Historical Development, Cultural Legacy, and Contemporaneity". Retrieved from the book "Chinese Culture in a Cross-Cultural Comparison" edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

Geographical settings

Geographical settings (fig.2.1) have a particular importance when taking China into exam because for China, they are considered to be one of the most important factors for its social and cultural development. The peculiar settings of this country indeed on the



Image 2.1. Source: China tour website at: chinatourmap.com

one hand confined the population and, on the other, had the effect to unify the nation creating a wide range of regional customs and dialects.

The first feature really important to underlie is that China is the third largest country in the world, it has lengthy borders that accommodate really different geographical landscapes.

On the north there is the vast and desolate Gobi Desert, on the west there are towering mountains as well as in the south-west in the Tibet region where the most famous mountain range is Himalaya. On the south we can find lower mountains and deep valleys, ending with seas on the south east and east coast.

These particular conditions brought China in a in a geographical remoteness that persisted until the development of modern transportation and communication systems⁴⁵. This impacted on the political, economic and cultural systems giving rise to a strongly inward focus economy and a sense of cultural prominence.

But the effects of these particular conditions, as already noted, reflect also on the society itself. Indeed China has a huge population with really strong differences. The most of the population live close to the coast, meanwhile the mainland China is still populated by low income people, highlighting really different social systems, languages and religions. The social systems are so different that the government introduced a ranking system in order to facilitate the implementations of the urban development, becoming a proxy for demographic and social segmentation. The system is called “Tiers System” and here below I would like to quickly summarise all these different tiers:

- First tier includes the “Big 4” cities: Shanghai, Beijing, Shenzhen and Guangzhou. It has higher income and GDP, highly populated cities, and high levels of infrastructures and services.
- Second tier includes Provinces’ capitals (Hangzhou, Nanjing, Chongqing, Chengdu etc.) and industrial zones (ex. Suzhou). It has high population, increasing welfare and good levels of infrastructures and services.
- Third and fourth tier include other small and medium cities. Having population ranging from 1 to 2 million inhabitants. It has developing infrastructures and markets, and a «Go West» policy.

Historical developments

In my opinion a general overview on the historical developments of China is requisite for understanding the modern Chinese worldview. In this sense we have to take in account the aforementioned particular geographical conditions in which this culture developed.

⁴⁵ Edwin R. McDaniel, “The People’s Republic of China: Historical Development, Cultural Legacy, and Contemporaneity”. Retrieved from the book “Chinese Culture in a Cross-Cultural Comparison” edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

The Chinese civilization is one of the oldest in the world. In the early stages of its history China can be considered as a series of dynastic successions with an imperial emperor and supporting bureaucracy.

The concept of a strong and centralized power led by a single ruler that exercises control over local governments and neighbouring states continues today. It is for China the presupposition for unifying all the varied people living in the country.

By the early 1800s China opened its border to unrestricted commerce, being forced by the Western colonial powers on many East and Southeast Asian nations. This period is seen today as an era of “national humiliation”, the imperial court was accused to be corrupted, weak and ineffective.

The extreme nationalism and the tendency for a strong centralized power brought the CCP (Chinese Communist Party) to rule the mainland China from 1940s. The party imposed an authoritarian and centralized government able to exercise control over the national government. This period was characterized by large scale political uncertainty and domestic disagreements. In 1990s, finally, CCP start a more market driven economy, improving the lifestyle of millions of Chinese and bringing China to have the third largest GDP, after EU and U.S.⁴⁶

Demographics

To conclude this part I will take in consideration the main demographics aspects that characterize the Chinese people. We have already seen the vastness of its territories and we have already spoken about the huge population of this country, but now I would like to go deeper inside these aspects.

Mainland China has approximatively 1.34 billion people, it is the world’s largest national population. About 94% of the population lives in the eastern half of the country, where the density of people is six times the world average⁴⁷. This numbers are emblematic for understanding how this country differs from all others, the size and the location of the

⁴⁶ Edwin R. McDaniel, “The People’s Republic of China: Historical Development, Cultural Legacy, and Contemporaneity”. Retrieved from the book “Chinese Culture in a Cross-Cultural Comparison” edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

⁴⁷ Edwin R. McDaniel, “The People’s Republic of China: Historical Development, Cultural Legacy, and Contemporaneity”. Retrieved from the book “Chinese Culture in a Cross-Cultural Comparison” edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

population brings with itself many problems for its management, for the infrastructures construction, for transportation and so forth.

The overpopulation was a problem so dramatic that in 1980s the government established the famous “one-child policy”: every family was allowed to have only one child. In 2015 the policy ended rising again the population.

As already stated with a population so big and a territory so vast, one of the problems since the beginning of China was the unification of all these different ethnicities. The problem persist nowadays, when over 91% percent consider themselves Han Chinese, but this doesn't mean that they have a common language and a strong identity, there are indeed different dialects, customs, religions, cuisines, and regional identities, that divide the population in 55 separate ethnic groups⁴⁸. The official language for example is the mandarin but it has 6 other big dialects, the same applies to religions, the main three are Taoism, Buddhism and Confucianism (officially it is not considered to be a religion but a life philosophy), but there are also Christians, Muslims and Atheists.

2.1.2 Cultural considerations

Having discussed about the general Chinese context, at this point, I want to go further and study the Chinese culture. The culture is considered to be the base for understating the differences between this world and the Western one. In this way I think that evaluate all the most important factors of this culture will help me to discover the divergences in the two generation Y, the one in the west and the Chinese one.

The most important factors, and also the factors the differ the most, are the social structure, and the ways in which Chinese establish interpersonal relations, manage conflicts and make decisions.

⁴⁸ Edwin R. McDaniel, “The People’s Republic of China: Historical Development, Cultural Legacy, and Contemporaneity”. Retrieved from the book “Chinese Culture in a Cross-Cultural Comparison” edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

Chinese Social Structure

We have already seen that the concept of a strong and authoritarian central power is something that persists also nowadays, here we will see how this, related also with an intense nationalism, impacts on the social structure of China nationalism.

China has historically been an agricultural society, people are strongly tied to their home village and to their land. The principles of Confucianism that strongly influenced the country since the beginning of its age, led the population to a strong cultural orientation toward collectivism and hierarchy. The hierarchy was established specially in the traditional social organizations that were considered to be: the family, the gentry, the officials, and the emperor. Nowadays the hierarchy and the strong sense of belonging is focused on the “new” social organizations, that are: family, school, work unit, and community⁴⁹. In this way the relationship established within these organizations are hierarchical and involve a high degree of commitment. The sense of group is one of the cultural aspects that differs the most from Western societies, where the individualistic efforts and the personal freedom are definitely more important than society⁵⁰. In Chinese culture, groups are seen as the foundation of the society and, in this way, the adherence on the collectivistic structure is intended to be hierarchical, within the group itself as well as between different groups.

This is really important when we take in exam Millennials, this particular group of people, in the Western society, was described as more individualistic and selfish than previous generation. Whereas in Chinese Millennials this sense of authority control and the preference for ranked order social relations still persist.

Interpersonal Relations and Conflict Management

Important cultural considerations are those concerning the management of interpersonal relationships and conflicts. In the Chinese culture both these aspects differ a lot from Western culture.

⁴⁹ Edwin R. McDaniel, “The People’s Republic of China: Historical Development, Cultural Legacy, and Contemporaneity”. Retrieved from the book “Chinese Culture in a Cross-Cultural Comparison” edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

⁵⁰ Edwin R. McDaniel, “The People’s Republic of China: Historical Development, Cultural Legacy, and Contemporaneity”. Retrieved from the book “Chinese Culture in a Cross-Cultural Comparison” edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

In particular we have seen that Chinese culture is a strong collectivistic oriented culture and interpersonal relations become in this way a fundamental part of the society.

Both the connections among in-group members and the connections among groups are very strong and hierarchical. This brings the effects of decisions and actions of one member of the group to have impact on the whole group. In this way, achievements are source of pride for other members and bad actions are able to bring shame and embarrass the rest of the group. Moreover people that doesn't belong to the group are treated formally, with distance and often they are avoided.

For Chinese, relationships with people have always an objective, that is to build a strong networks and to gain something from others, as advancements of personal interests or different forms of assistance. This gain particular relevance if we take in considerations social networks and social media that are the most widespread tools for having and maintain human relations.

The achievements that interpersonal relations can bring are obtained by establishing mutual dependency and reciprocal obligations. This is called in Chinese "*guanxi*"⁵¹. It allows the members of the society to overcome bureaucratic obstacles, gain access to scarce resources and get assistance. It goes without saying that much time is spent building relationship with the promise that one day those relationships will give benefits.

Another aspect related with Chinese culture in interpersonal relations is the concept of "face" intended as one's self image and how one is perceived by others⁵². The difference with western culture is that for us "face" is related with the domain of an individual meanwhile for Chinese this concepts extends on status and group connections, taking in consideration a much broader range of social aspects. In this sense conflicts that arise are conceived as threats for the face that can be lost, disrupting harmonious relations.

⁵¹ Guanxi is defined as the "*network of relationships designed to provide support and cooperation among the parties involved in doing business*". Definition by Investopedia, retrieved at: [//www.investopedia.com/terms/g/guanxi.asp#ixzz52YJDZEMY](http://www.investopedia.com/terms/g/guanxi.asp#ixzz52YJDZEMY).

I will focus on guanxi later in the part dedicated to the communication.

⁵² Edwin R. McDaniel, "The People's Republic of China: Historical Development, Cultural Legacy, and Contemporaneity". Retrieved from the book "Chinese Culture in a Cross-Cultural Comparison" edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

The results is the use of politeness and indirect communication in order to lessen the potential for discord.

Decision Making and Negotiations

When taking into exams the decision making and the negotiations management we can observe huge differences between Western and Eastern societies.

In the decision making process, Western, are used to exercise delegated authority with one or few selected individuals that decide in the shortest time the best possible course of action, for Chinese individuals, on the other hand, this is a matter of the group as a whole: decisions are taken within the group, following a carefully orchestrated procedure in a consensus-based attitude. This follows totally the collective concerns for harmony and face already stated and create also a sense of shared responsibility able to avoid the loss of face if things go wrong. This contrasts the Western vision of the leader able to solve all the problems, emancipating itself from others. For Chinese culture the leader is the one able to listen everyone's ideas and to take the decision that reflects the most the group opinion.

When we speak about negotiations we can see that in in Western nations the individualistic attitude brings negotiations to an objective that is logic based, where we have to take decisions in the shortest period of time, obtaining the best possible outcome⁵³. Meanwhile for Eastern cultures the approach to negotiations is totally different: here the focus is the group. All the social aspects of the decisions are really important as well, indeed the primary scope of negotiations is to create relationship able to last because based on trust and mutual respect. This of course requires more time but it implies a high amount of respect from both sides, able to endure and so be more productive.

⁵³ Edwin R. McDaniel, "The People's Republic of China: Historical Development, Cultural Legacy, and Contemporaneity". Retrieved from the book "Chinese Culture in a Cross-Cultural Comparison" edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

2.1.3 Chinese Millennials

At this point I would like to move forward, taking into examinations the Chinese Millennials. Leaving behind the cultural context in which they operate I will start to describe which are their main characteristics and also which are the common point between them and Western Millennials. Starting from the basics we can observe how huge this populations is: according to a recent research conducted by Goldman Sachs: the youngsters who were born between the 1980s and 1990s have a population of around 415 million, it accounts for almost the 31% of China's total population⁵⁴. This means that this particular group of consumers will become the dominant force in the market and also the most influential segment, and this is the reason why it is so important to study them.

But before to start analysing this group I have to highlight some differences within the group itself. This group indeed can't be considered totally homogeneous, Chinese Millennials are usually divided in two different categories: the *balinghou* (those born post 80s) and *jiulinghou* (those born post 90s). This separation is important because the differences in the society in which these two different groups have grown up are huge and able to affect their mentality. For the post 90s Millennials the boom of the economy, and the increase in the internet access has largely enhanced their attitude toward individualism. These differences in the mentality are big but for the sake of my study I will treat the two different groups together, analysing the gap among them and previous generation and not between the two groups. The differences are indeed huge in the mentality but for what concerns the communication, the purchasing behaviour, the lifestyle, the aspirations and the ways in which they live we can consider the group as a whole.

Moving forward, we have already seen the main characteristics of the Chinese population and society, now I would like to see how those characteristics impact on Millennials.

Starting from a study conducted by Morris A. Shapero on how managers from Western corporations interact and adapt to the Chinese workforce composed by Millennials, we can see how many divergences developed from previous generations.

⁵⁴ "The rise of China's new consumer class", Goldman Sachs, 2013, retrieved at: www.goldmansachs.com/our-thinking/macro-economic-insights/growth-of-china/chinese-consumer/

Meanwhile older generations tend to follow the principles already cited and in particular: the respect for authority and hierarchies, the collectivistic attitude and the Confucianism; Millennials, in contrast, have a more individualistic behaviour that goes totally against the concept of collectivism expressed by the Confucianism philosophy. Moreover Shapero observe that personal relationships lose significance in business relationship and transaction, face is still an important aspect for these people but modesty progressively is being replaced by self-promotion. The merit is gaining more importance in comparison with seniority and this is visible as in men as well as in women's behaviour. Women in particular are becoming more aggressive and more competitive compared with previous generations. The one-child policy implemented these attitudes, making the youngsters become more self-centred and self-focused than previous Chinese generation valuing more the freedom to act and think independently than the group in which they operate, as family and friends.

Summarising the Shapero's work we can see which are the most important findings of his study:

1. Although Chinese culture has traditionally emphasized human relationships, legal agreements were becoming more accepted and enforced.
2. The culture continued to combine merit and sinecure when evaluating human resources, but merit was beginning to play a more dominant role in promotion and compensation reviews.
3. Although Chinese culture traditionally had emphasized humility and modesty, it is beginning to move toward self-promotion among young, urban professionals desiring a more individualistic, rather than collective, mind-set, especially in the workplace.
4. Despite Chinese culture's traditional emphasis on authority, Western managers were beginning to see signs of empowerment as a result of behaviour modification training in the workplaces of multinational organizations.
5. Although Chinese culture had traditionally discouraged initiative, younger, urban professionals were beginning to seek outlets for creative thinking and innovative problem solving to gain personal and professional advancement⁵⁵.

⁵⁵ Morris A. Shapero, "Introduction to Managing China's Millennials: Considerations for Multinationals", edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

All these changes made Shapero note that “It seems that Millennials seem to share values and behaviours that are similar to their contemporaries in the USA”, and this means that we can apply to Chinese Millennials many of the previous findings about Western Millennials, treating them as people belonging and acting as Western, in general⁵⁶.

Everything just expressed was related to the workplace and in particular to managers. But what happens when we take into account the generation as a whole? Do those findings fit also with unemployed Millennials as students, for example?

Fung Business Intelligence, a multinational corporation based in Hong Kong that collects, analyses and interprets market data on global sourcing, supply chains, distribution, retail and technology, issued a report on China’s Millennials where many interesting patterns related to this group of consumers emerged.

Focusing specially on their lifestyle and their mind-set Fung found that living in times of welfare and economic growth made Millennials to spend more generously and also to act more individualistically than previous generations that have, on the other hand, grown up in more challenging economic and social times. The Y generation benefited also from the economic reforms as the “one child policy”, this brought them at the centre of attention of their families in both love and financial support and this is why we are witnessing these changes in their behaviour. Moreover, as their western counterpart, they are more educated and globally aware, they travel much more than previous generation, they are tech-savvy, they are always connected and always on top of new trends and ideas. This exposure to new trends and ideas influences heavily Chinese Millennials that are more sophisticated and are attracted from Western culture specially in lifestyle and aspirations getting the two different cultures closer as never before.

The implications on the lifestyle are of paramount importance because they drive Chinese consumers toward an aspiration for premium products and services able to provide a personal sense of well-being. Products and services have to be also unique for Millennials and have to allow the consumer to gain a sense of superiority. In this sense customization is key in this market as for the high-end as well as the mass market and

⁵⁶ Morris A. Shapero, “Introduction to Managing China’s Millennials: Considerations for Multinationals”, edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

young segment. Another trend linked to this need is the proactive communication of views, ideas and products solutions to the suppliers. Chinese Millennials expect brands to hear and interact with them and this is another common point with Western Millennials.

Coming back to the product and services able to enhance the sense of well-being we can see which of those are on rise among Chinese Millennials, this will be helpful for understanding which are their most important necessities and will allow us to focus on the products and services that they identify as able to give a premium life-style:

- Healthy foods, as for Western Millennials the health and the sense of feel good is really important. The Chinese Government also pushed consumers to become more health conscious. It uses several initiatives for building a more healthy China, and they impacted on Millennials for the most, that now are pursuing a more balanced and healthy lifestyle.
- Lifestyle services, China is witnessing a huge rise in these services' consumption, mostly those related to people's quality of life and sense of well-being. Trends as the E-Commerce, O2O⁵⁷ platforms and sharing economy opened up opportunities for the service sector. The youngsters, indeed, spend more than older generations on service industry, especially in education, healthcare and entertainment.
- Travels, Chinese Millennials are the largest share of China's travellers, and they are also the most powerful spenders. The rise of travels witnesses a will for expand they horizons and is one of the main drivers of the alignment with the Western culture⁵⁸.

⁵⁷ O2O refers as "Online-to-offline commerce" that is a business strategy that draws potential customers from online channels to physical stores.

Definition picked up from Investopedia:

www.investopedia.com/terms/o/onlinetooffline-commerce.asp

⁵⁸ Fung Business Intelligenece, "Understanding China's new consuming class- the millennials", 2017.

2.2 The communication system

As author Shapero noted there are many points in common between the behaviour of Chinese Millennials and their Western counterparts. The points in common are not limited to the generic behaviour of these consumers but also on the communication techniques and on the purchasing habits. It is for these reasons that seems useless to repeat again the findings already expressed in the first part. I will indeed treat those findings as for the “Millennials category” in general, in this part I will move forward explaining how the communication models and theories differs from the Chinese culture to the Western. Then, in the second part of this chapter, I will focus on how Chinese Millennials communicate on social platform because it is true that many practices are similar to Westerns but not all of them, moreover being the focus of these dissertation it is important to find some patterns typical of Chinese Millennials.

2.2.1 How communication practises differs between the two cultures

In this part I will tempt to address all the differences that applies on both interpersonal and internet communication; this, in my opinion, will help to better understand the different dynamics that underpin the process of communication.

Starting from Western communication we can see how theories revolve around three basic elements: the communicator, the message, and finally the receiver. The communicator is the one that has an idea or concept that he wants to express, he also wants the receiver to capture that expression. This means that the receiver has to precisely understand the communicator’s idea and also that the message stand on its own, it is complete separated from both sender and receiver. These concepts derive from ancient philosophies and in particular from Aristotle’s doctrine, where communication was seen as a way to address and persuade the audience, and persuasion is another important aspect of Western communication. The final aim of communication is to be persuasive, to convince the receiver through the message.

Eastern culture, on the other hand, was also influenced by ancient philosophies as Confucianism, Buddhism and Taoism but these have played different roles in the society, they were linked with the understanding of the man through the understanding of the

mind, the body and the feelings. In this culture communication is seen as an exchange and an interaction, meaning that communicate is not just a movement of an idea from one individual to another. This because the Asian view of communication sees people as interrelated in the time and in the space, one individual can become meaningful only in an harmonious relation with others. Here there is no need for persuasion, because the final aim is to be part of the human community following the moral order and creating and harmony. This is the reason why the main concepts of communication consist of harmony, indirectness, and also in the distinction between in- and out-group communication, in the adaptation to the context and to the situation, in the use of silence and empathy or mind reading⁵⁹. The result is definitely more complicated, communication consists, indeed of nine different elements:

- *Jen*, that represents the inner force able to establish the communication between two people;
- *Yi*, that represent the righteousness of the social interaction;
- *Li*, that expresses the rules and norms of how proper behave in a social context;
- *Shi*, that gather together all the different time factors able to influence the communication;
- *Wei*, that gather the special factors in a communication;
- *Ji*, the first movement that will trace the possible consequences of an ongoing interaction;
- *Guanxi*, the already mentioned relationship between two parties;
- *Mientze*, the already mentioned sense for the “face”;
- *Feng shui*, the master of the time and the space adjustments having a positive influence on human interaction⁶⁰.

Another theory helpful to understand the differences that we can find in the two culture is the one developed by Hall in his book “Beyond Culture”. Hall defines cultures with high context and culture with low context based on the ways in which they communicate, Western cultures are defined as low context because they base on the importance of words and on the explication of oneself during a communication practice.

⁵⁹ Marieke de Mooij, “Introduction to Chinese Communication Theory and Practice”, edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

⁶⁰ Marieke de Mooij, “Introduction to Chinese Communication Theory and Practice”, edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

Eastern culture, on the other hand, are defined as high context, here messages are mostly non-verbal and consist in the share of symbols and gesture⁶¹. Important to note here is the application on marketing and brand communication: in high context culture, the brand communication has to focus on feelings and emotions in order to create an emotional bond with the costumers without give too many information about the products, meanwhile in low context culture information and details are the only things that really matters, here communication don't have to focus on the aspirational part of the message.

The different findings for both cultures have implications on all different types of mediated communication: I will focus, at this point, on all those communication involving electronic media. Firstly we can note consequences deriving from the differences in directness and indirectness: in Eastern cultures for example, advertising is indirect and it uses all types of communication formats such as metaphors and narratives, on the other hand Western cultures use direct advertising, comparing for example products from different brands.

Going deeper and moving on internet communication, considered as a particular communication practise that is influenced by the way in which people express themselves and do so adapting these expressions to their cultural context., we can note huge differences:

For Chinese, and Eastern societies in general, send messages and make calls is seen as a way to communicate with people with strong ties, meanwhile instant messaging is used for reaching more people at the same time (and so for group-talking). This means that online relationship are not seen as strong as offline relationship, limiting the time spent on social networks in favour of real social activities.

Marieke de Mooij in its "Introduction to Chinese Communication Theory and Practice" uses three topic to explore these differences among the two cultures: the presentation of themselves, the degree of self-disclosure and the variations in information seeking for making buying decisions.

Starting from the presentation of self, the author notes how in the English speaking world people use social media (Facebook on top of others) to enhance themselves,

⁶¹ Edward Hall, "Beyond Culture", AE American Ethnologist, 1977.

meanwhile Chinese like to be anonymous and use all types of mechanism to hide their identity, using for example nick names and pseudonyms. This have implications also on the number of friends: people from country as USA as an average numbers of friends of 200, meanwhile Chinese have just 63, this is due, for the author, to the perception of self in relation to others and society and the need for self-esteem⁶². Self-esteem indeed for American derive from self-enhancement while from East Asian it comes from self-improvement, because in those cultures there is a straight link between self-esteem and the maintenance of face. Positive features as ego boosting, and showing off for maintaining a positive public image are typical of American self, while Chinese prefer negative self-description and humour. Taking bloggers as an example, the Americans prefer to show their “better version” avoiding negative feelings or expressing them in an indirect way; for Chinese social competence is preferred, external links are built for revealing the one’s distinction in a really simple manner and they don’t hide negative feelings but rather they prefer to show them off. This has really important and significant implications also on the format of social networks: Facebook is designed for self-enhancement, while Chinese media are built to facilitate the culturally appropriate ways for present the one’s self.

The second aspects that impact on interpersonal communication on social media is the degree of self-disclosure that people has.

In this sense, we can see that Western internet culture is organized in a way that allow people to express themselves in ways they wouldn’t use in person to person communication. Emotions and thoughts are magnified on social media and the most of the time don’t reflect the actions that people do in real life. In Eastern culture instead self-disclosure has a negative connotation, if a person reveal too much of himself through the expression of thoughts it can lose his face because others will see him as inappropriate or incompetent. De Mooij in his work finds out that, controversially, Chinese say that they are more open online that in real life. This openness refers to personal feelings, good and bad, but not to deep emotions. Blogging is really common in China and platforms for blogging allow their users to express themselves but they are still hesitant to fully explicit themselves (specially the youngers). Moreover de Mooij

⁶² Marieke de Mooij, “Introduction to Chinese Communication Theory and Practice”, edited by Michael B. Hinner and Peter Lang, Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

shows an important statistics highlighting that the most of the time Chinese don't say the truth: 27% of Asian blog users admit that they are telling the truth, while in America the 57% say so. This is why for Westerns people from Asia as indirect, without self-disclosure and liars and for Asian, Western are too explicit, rude and exhibitionists.

The last aspect on which I want to focus is the information seeking. This aspect is really important because we already have an in-depth understanding of it, indeed I have already discussed it in the first part of my work. Here I would like to move ahead and note how much it diverges between the two cultures. As we have already seen information seeking is a way for helping customers to make purchasing decisions, for this reasons it is widespread as in Western countries as well as in Asian countries. In particular the two cultures rely on the use of search engines, on practices that involve social media (word-of-mouth and recommendation), and finally on family, friends and television. But for Chinese this practices involve the use of a vaster combination of internet sources and a more accurate research than their counterparts in the west. In particular from a study reported by de Mooij that investigates the behaviour of Belgians compared with Chinese students on information seeking, the author highlights some important findings:

- Chinese search more frequently and rely less on online information, they trust more recommendations from peers;
- Chinese know wath they want to know and where to find the information they need, in this way they go directly on a forum or a blog without looking for generic information on the Internet, they also use a more integrated approach than their counterparts in Belgium;
- Chinese are more scrupulous and meticulous: they scroll down longer their results, clicking on something just when they are sure that result is the one they were looking for.

All these considerations show us that, although the overall communicative behaviour is really similar between the two culture, in some practice it differs significantly. These differences will be helpful when I will take in consideration the use of WeChat.

2.2.2 Social media communication in Chinese culture

We already discussed the important differences in communication in general and also on the communication on social media, in this part I would like to add something more, examining more in detail the communication on social media of Chinese Millennials.

The first observations I would like to highlight are those related with brands and in particular with brands communication. We have already seen how information seeking activities are able to influence purchasing decision, in this way it is clear how brands should develop multi-channels strategies for their product and services in order to deliver a consistent experience to their consumers. This approach has to be adopted and integrated with the targeting of customers and the development of strategies that aim at convincing costumers to purchase their brand. This applies especially to Chinese Millennials that has more purchasing power than other Millennials and also have a high education and are more satisfied from a materialistic point of view. The factors to take in consideration are multiple, first of all the Chinese market is the one that uses the most e-commerce, this means that social media communication has to “surround” the e-commerce platforms attracting consumers and drive them to e-stores, secondly the internet access is at his highest percentages in China, 92% of internet users in China are Millennials and 90% of them own a smartphone⁶³, and lastly the way in which they discover trends and information is totally different from Westerns. In particular as already stated Chinese Millennials know what they are looking for, they don’t just “find out” trends and information⁶⁴.

⁶³ Lauranne Poncin, “Chinese Millennials on their mobile”, DMB Shangai, retrieved at: dmb-shanghai.com/mobile/chinese-millennials-mobile/

⁶⁴ Tzeh Chyi Chan, Xuyu Chen, Ding Ying “Winning the hearts of the Chinese consumers”, Accenture, 2013.

Taking as example a survey conducted by Deloitte, Millennials (fig.2.2) where asked "how do you find out about the latest high-end fashion or luxury item trends?" and the findings are really interesting: as we can see from graphs, when they look for the latest trends, social media is the most cited channel in the countries showed except China. This because for these costumers trends are discovered from, fashion magazines and brand's

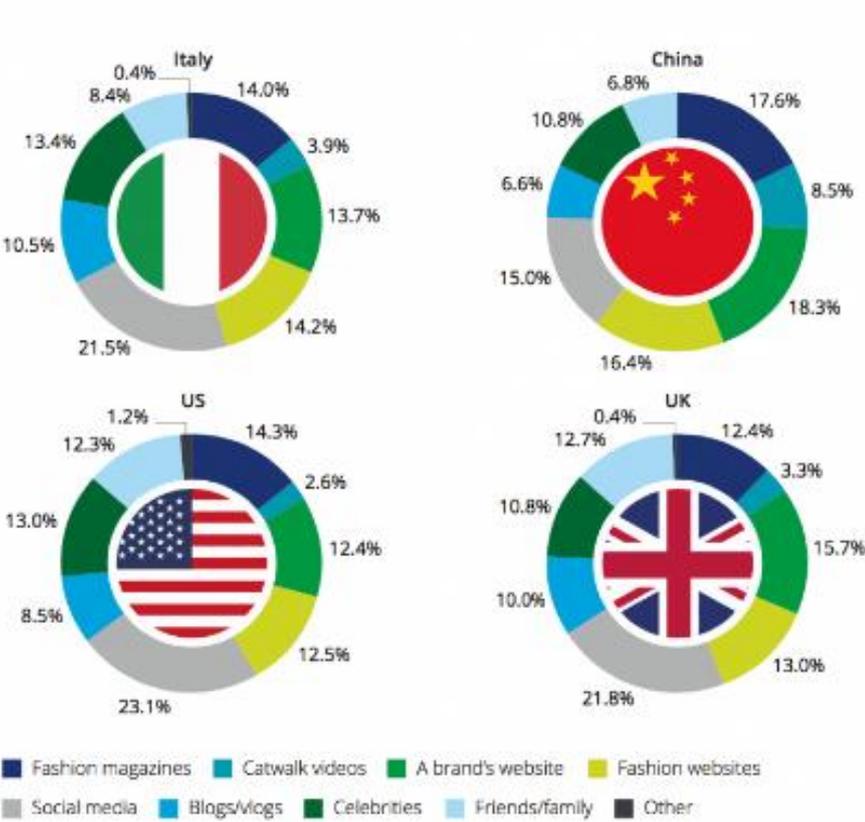


Image 2.2. Source: Deloitte Bling It On report

own website. Meaning that they don't see something on a social platform that attracts them but, on the other hand, they were already looking for it. Implications for brands communication on social media are of paramount importance here, meanwhile for Western Millennials the strategy focus on attracting consumers from social media for making them experience the products, with Chinese Millennials it means work on website and other media (as fashion magazines in the previous example) to deliver an even better experience, to inform instead to the entertain. Another implications is that Chinese Millennials use online channels to interact with brands and companies, they are even more curious than Western about products. The direct connection with brands is a

must in China, these consumers pretend to be able to talk with companies, creating an opportunity for brands for engaging directly and proactively with them in the social context, exceeding the expectations, raising the awareness and the love for the brands.

But the communication with brands does not stop with the information seeking, Chinese Millennials indeed use social media also for sharing their experience and this trend is definitely more widespread than in West. An Accenture study in this way shows that nearly the 25% of Chinese share their impressions several times a week and this fact is not surprising because as already saw they trust more recommendations from peers than any other information done via other channel, and moreover comments, negative or positive, are able to influence opinions on brands and contribute to buying decisions more than in any other country.

Moving ahead, we already noted that on social media the communication it is realized mainly with one activity: content creation. In this sense PARKLU, that is a company that curates China's top content creators connecting leading fashion and e-commerce brands such as L'Oréal, Michael Kors and Swatch published an interesting article investing what types of contents engage the most Chinese Millennials. They find out that what engage them the most are contents related with:

- *Nostalgia*, because, in PARKLU's words "Children born in the 90s saw enormous societal and technological changes in their youth. This experience may explain their sensitivity to nostalgic products." And this creates a leverage for brands that design stories based on authentic and emotional feelings. Referring to Millennials with a friendly tone and engaging them speaking directly to their particular story.
- *Family*, this particular topic relate with the one-child policy, children has faced tremendous school pressures, then work pressures, and this take Chinese millennials to often feel guilty because they haven't spent much time with their families. Flipping the Western's commonplace that Millennials want to be alienated from their parents.
- *Coolness*, it is almost trivial if we take in consideration Western Millennials, but here there is something more, Chinese millennials want personality in their product, they want to feel unique and pretend the brand to reflect their individuality even more than Western Millennials. This is the reason why in

China personalization of product is becoming a must for many brands categories⁶⁵.

Moving on, I would like to take into examinations those observations that relate with the ways in which Chinese Millennials interact and communicate with each other. In the previous chapter, dedicated to Western Millennials I investigated the ways in which they communicated in light of the usage of tools and systems they use to interact (emails, messaging and calls with smartphones, tablet and PC) and the way they do so using social networks. In this section I will try to do the same.

An interesting study conducted by Accenture on the global use of technology among Millennials recall for the fact that in every part of the world, Millennials are early adopters of new technology. In this sense we can underlie that what already expressed

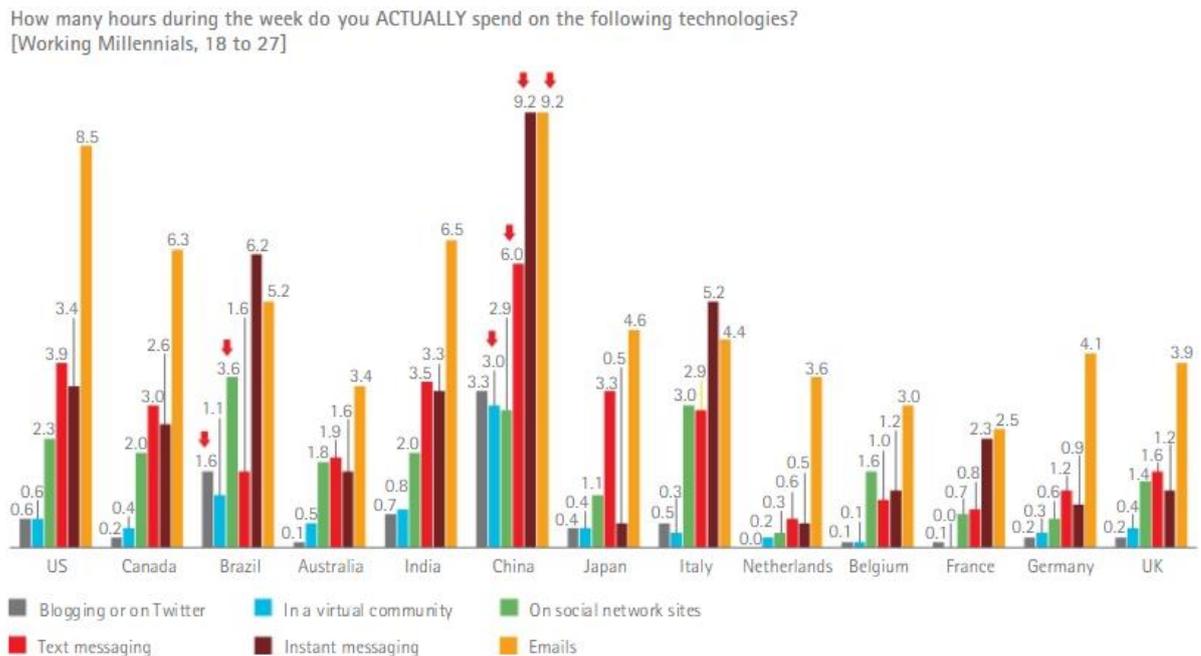


Image 2.3. Source: Deloitte Bling It On report

for technological tools for Western Millennials in chapter one applies also on Chinese. In particular the study conducted by Accenture argues that Millennials use tools as laptops and desktop computer for communicating while working and with the people they are

⁶⁵ Elijah Whaley, “How 6 Successful Brands are Marketing to Chinese Millennials”, PARKLU, 2017, retrieved at: www.parklu.com/how-6-successful-brands-are-marketing-to-chinese-millennials/

working with, but for interpersonal communication they prefer to use their tools and technologies and in particular smartphones.

Chinese Millennials in this sense spend more time than every other in the virtual world, both for business and for personal use, they are particularly engaged in real-time communication tools and when it comes to numbers these statistics are dramatic: Young Chinese spend an average of almost 34 working hours a week on communication tools (versus almost 11 hours for the rest of the world), while for leisure, they spend 14.8 hours a week playing video games (versus 3.4 hours for the rest of the world), 5.1 hours shopping on the Internet (versus 1 hour), and 5.3 hours in a virtual world using virtual life simulator (versus 0.4 hours of the rest of the world).

Taking as a reference the above graph provided by Accenture (fig.2.3), we can see how Chinese Millennials spend the most of the time on emails and instant messaging and also that the time spent on communication technologies is at his highest in China. While emailing is mostly related with “older” Millennials (those aged between 23 and 27,) and

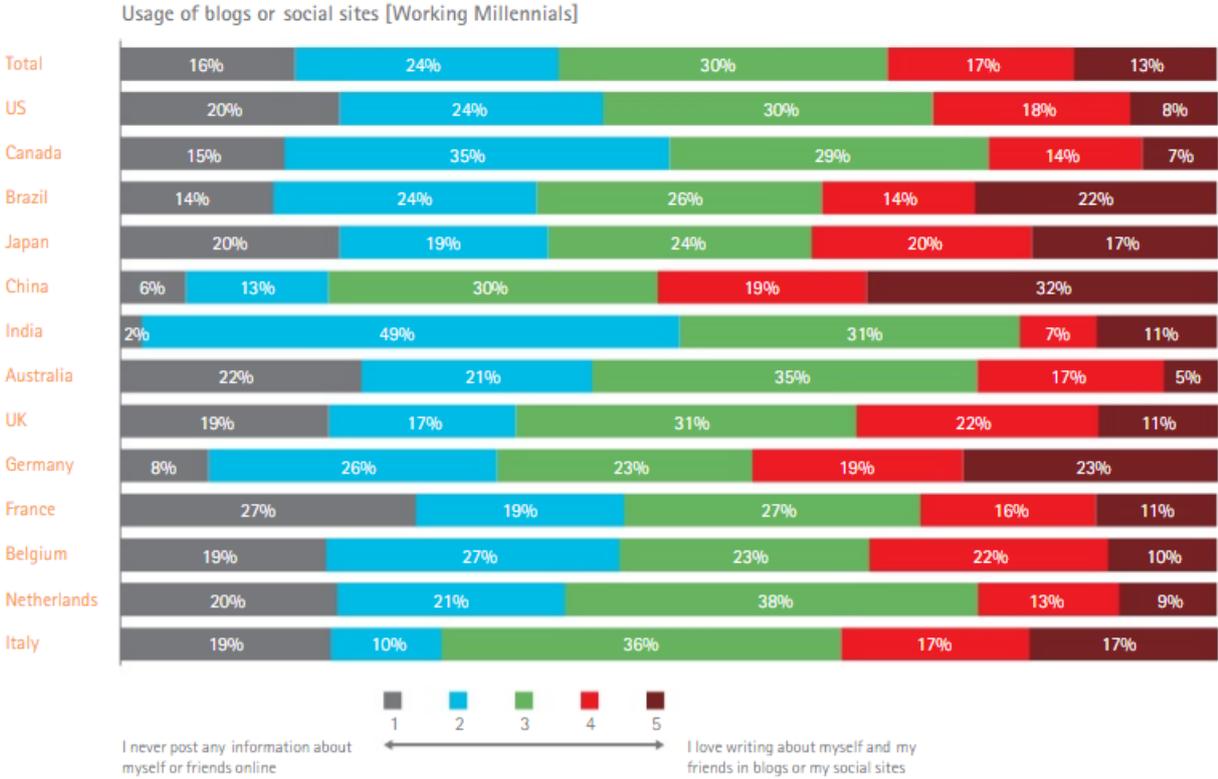


Image 2.4. Source: Deloitte Bling It On report

has an average usage similar to Americans, the leading trend for younger Chinese are real-time communication tools.

Another important trend highlighted by Accenture (fig.1.4) is the fact that Chinese are the ones who write the most about themselves and friends online, overtaking Germans and Japanese.

Accenture explain these pattern using the percentage of usage of blogs and social networking sites. Moreover once asked about this trend Chinese Millennials said that they spend so much time on blogs and social sites in order to gain information and learn more about their peers and their superiors⁶⁶.

This pattern is really important because highlight the fact that Chinese love to share their activities to their family and friends, meaning that Millennials generation tends to have a strong community mind set, as already analysed in previous sections.

⁶⁶ Derek E. Baird, "Jumping the boundaries of corporate IT", Accenture, 2010.

2.3 Purchasing habits and behaviours of Chinese Millennials

To better address the behaviours and habits in purchasing of Chinese Millennials in this first part of this chapter I will try to highlight the differences underpinning the two different cultures, the Western and the Eastern, in light of the purchases done via e-commerce. As I already did for communication I will find out the different dynamics that are involved in the e-commerce purchasing decisions. This will be helpful in the understanding of the behaviour of Chinese Millennials when it comes to purchase online. I will focus on the e-commerce environment because this is the place where we can find the more differences between the two groups and, moreover, because my study focuses mainly on the on-line world, for communication as well as for purchasing habits.

The generic patterns for purchasing behaviours will be investigated in another section.

Later on, indeed, I will analyse all the characteristics typical of Chinese Millennials in both purchasing in general and purchasing through the e-commerce. Finally as it has already been done in the first part dedicated to Western Millennials, I will focus on the different payment methods used in China.

2.3.1 Differences with Western Millennials

In order to gain an in-depth understanding of the differences between the two aforementioned cultures I will base my study on a survey conducted by Ming-Yi Wu, a graduate-level professor of intercultural communication at the North-eastern University of Boston.

The professors studied three factors in a business to commerce (B2C) e-commerce environment, namely:

- E-trust, which is described as a variable associated with the management of perceived risks in e-commerce environment,
- E-satisfaction, described as the contentment of the customer with respect of his prior purchase experience with a given e-commerce company,
- E-commitment, defined as the customers favourable attitude toward e-commerce, that results in repeated buying behaviour.

These factors has been analysed from the perspective of consumers in Taiwan and USA⁶⁷, using theories:

- The theory of high and low context created by Hall and already described
- The Relationship Management Theory, proposed by Ledingham and Burning that recalls for a continuous level of engagement between an organization and its audience in four dimensions: trust, openness, involvement, investment and commitment.

Using these theories the authors surveyed students from Taiwan and USA. Students were been chosen because representing young and educated population with good computer skills and were assumed to have a good on-line shopping experience⁶⁸.

The findings of this research are multiple and have a paramount importance for the sake of this study.

Firstly author Wu found that US Millennials has a higher degree of e-trust, e-satisfaction and e-commitment in comparison with Taiwan Millennials. This means that Americans show a good relationship with e-commerce, they have a lower level of perceived risk and this suggests that they feel more secure about on-line purchases. Moreover they seems satisfied with the online shopping experience and admit that they are willing to shop more on-line, planning to do for future purchases.

Secondly the study conducted by Wu suggests that the cultural context is negatively correlated with trust in online shopping experience, but it has a positive correlation with favourable attitude toward e-commerce resulting in repeated purchases. This is not surprising, culture and the experiences online of consumers affect the relationship with online vendors because previous experience and cultural context are strongly correlated with all the dimension of e-relationship. In particular a previous study conducted by Victor shows that people from high context cultures are more uncomfortable to trust strangers, in this sense e-commerce is considered as a “business with strangers”, because when we buy something online we do so with people that we don’t see and we don’t know. The good news is that although people from high context cultures are more

⁶⁷ This means that the results of this survey has to be considered as a specific case of a more complex reality. In this sense a generalization, toward the two cultures, can be done, but with extreme caution. Respondents from Taiwan can be seen as test samples of the Chinese culture and respondents from USA can be seen as samples from the Western culture but I have to underlie that this is an extreme simplification of the reality that applies just on the phenomena that will be investigated.

⁶⁸ Here the generalization can be done, all the participants of the survey can be considered Millennials.

difficult to attract, once a connection and a sense of trust is established, they show a higher level of loyalty and commitment in online commerce environment. The study suggests that companies has to invest on time and on relationship building. For building relationship and lower the perceived risk online vendors can enter these type of market offering different payment methods and they can also leverage on opinion leaders. In high context culture, indeed, there is a strong sense of collectivism and establish good interpersonal relationship with influent people can be a good tactic.

Lastly the author finds that the previous experience and precisely the number of years of shopping online is positively correlated with all the aforementioned dimensions. This implies that the more one person shops online the more he feels secure and will repeat the purchase, and this is true for both cultures.

2.3.2 Purchasing patterns for Chinese Millennials

Before to investigate all the purchasing patterns of Chinese Millennials I want to take a step back. I already stated and discussed all the relevant characteristics of this particular group of consumers, but, in my opinion, it is useful to recall those characteristics that impact the most on the purchasing patterns both online and offline.

They were born under the one-child policy. This is maybe the most important characteristics that makes Chinese Millennials the generation that differs the most in comparison with previous ones. Be the only child for a family literally makes this generation a generation of “little emperors” and “little empresses”, this implies that, being the centre of attention for a family, these people live a privileged lifestyle and are able to enjoy more than others Millennials the life.

Being privileged don't stops just on be the unique child for a family, indeed they grown up in a period of welfare never seen before, making them experience only good times without having the problems of other generations. This gave them a perspective of life in which things can just get better. Usually they don't have a student loan and housing expenses, being those be paid by the family, and this make them free to spend their incomes for their necessities.

This attitude makes them also an entitled generation, they are spoiled by families and they are allowed to have every wishes being satisfied. This has implications on their sense of self: they feel legitimate to ask always more and they pretend to have every good and service they need, and have it fast.

They strive for fun. Being the one child in the family makes them replace the company of siblings with the internet and social media in particular, this is their medium for socializing and entertainment. Growing up with so many information and in an environment where everything has to be fun make them willing to enjoy the life and have fun, this has important implications on how they see shopping as well. In this sense shopping is seen as an activity that merges together socializing and entertainment⁶⁹.

Generic purchases

Moving ahead we can see now practically the implications of the aforementioned characteristics on the generic purchase's patterns.

First of all we can see that Chinese Millennials want to live a global lifestyle, thanks to the internet and global media, they are aware of all global trends, in particular Western trends that are shaping their consume toward goods typical of other countries. They purchases, at first glance, seems disjointed, they can heavily spend in electronic goods while they don't care to spend so much on clothes (for example). This attitude recalls for their need to be unique and aligned with latest trends, showing their status to their peers and be accepted in the group. This makes electronic devices and fashion accessories on the top of their spending list.

This doesn't mean that they are impulsive in purchases, as already seen indeed, they look up for information and they rely highly on quality when purchase something. We can note this particularly in fashion industry where, even if cheap chic fashion is on rise, the quality of the goods is of paramount importance as well as possess trendy clothes. Luxury brands in this sense are not replaced with fast fashion brands because their heritage is always perceived as highly valued.

⁶⁹ Helen H. Wang, "The Real Reason Chinese Millennials Are Super Consumers", 2017, retrieved at: www.forbes.com/sites/helenwang/2017/03/27/the-real-reason-chinese-millennials-are-super-consumers/#6d7aef134053

So as already stated Chinese Millennials strive for quality and they are disposed to spend premium price to access good products that can leverage their social status, but quality is not the only incentive for raising their status. For feeling unique they want to custom the goods they buy, in this way they look for experience and goods specifically tailored on them. Personalized and customizable items are on rise in China and many companies are driving this trend.

Another important fact to underlie is that Chinese Millennials are impatient, if they want something, they want it quickly. This implies that they have a really low product and brand loyalty, and also they are shortening the product cycle toward new products, they award the best choice being ruthless of older brands if they don't satisfy their expectations⁷⁰.

An interesting trend suggested by Goldman Sachs's research "The Asian Consumer, Chinese Millennials", is that they strive for fun. Even if the consumption rate of recreational services is lower than in other countries, Goldman Sachs believed that the "exposure to Western culture and their upbringing during more stable political and economic times will make them the prime consumer group to drive spending on leisure"⁷¹. For the authors the lower consumption is due to the cultural attitude and the lower income level of previous generation and not to Millennials themselves. This means that Millennials spend increasingly in experiences for having fun, such as sports, games and travels, in this sense we already speak about the growing trend of travelling of these consumers. Gaming, on the other hand, is a sector in which the consumption is dramatic, as already stated the internet (and so the virtual worlds of games also) is seen as a place where socialize and have fun.

Online purchases

Moving on online purchases we can see that Chinese Millennials accounts for the 31% of the total population but represent 73% of the online shopper population⁷². These numbers results in one of the highest penetration rate of e-commerce in a country. One of the principal factors of this impressive penetration rate can be seen in the highly fragmented brick and mortar retail landscape, while another important factor can be

⁷⁰ Joshua Lu, Anita Yiu, "The Asian Consumer, Chinese Millennials", Goldman Sachs, 2015.

⁷¹ Joshua Lu, Anita Yiu, "The Asian Consumer, Chinese Millennials", Goldman Sachs, 2015.

⁷² Joshua Lu, Anita Yiu, "The Asian Consumer, Chinese Millennials", Goldman Sachs, 2015.

considered to be the convenience and the access to goods in areas with limited shops coverage. But perhaps more than the previous factors for Millennials the use of e-commerce is a matter of price. Although they have more money to spend than previous generations, the limited budget they have compared with older working generations drives their purchasing preferences on e-commerce.

In this context retailers leaders that used to leverage on prices in the past, now are losing consumers for mainly two reasons: firstly online vendors can lower prices and

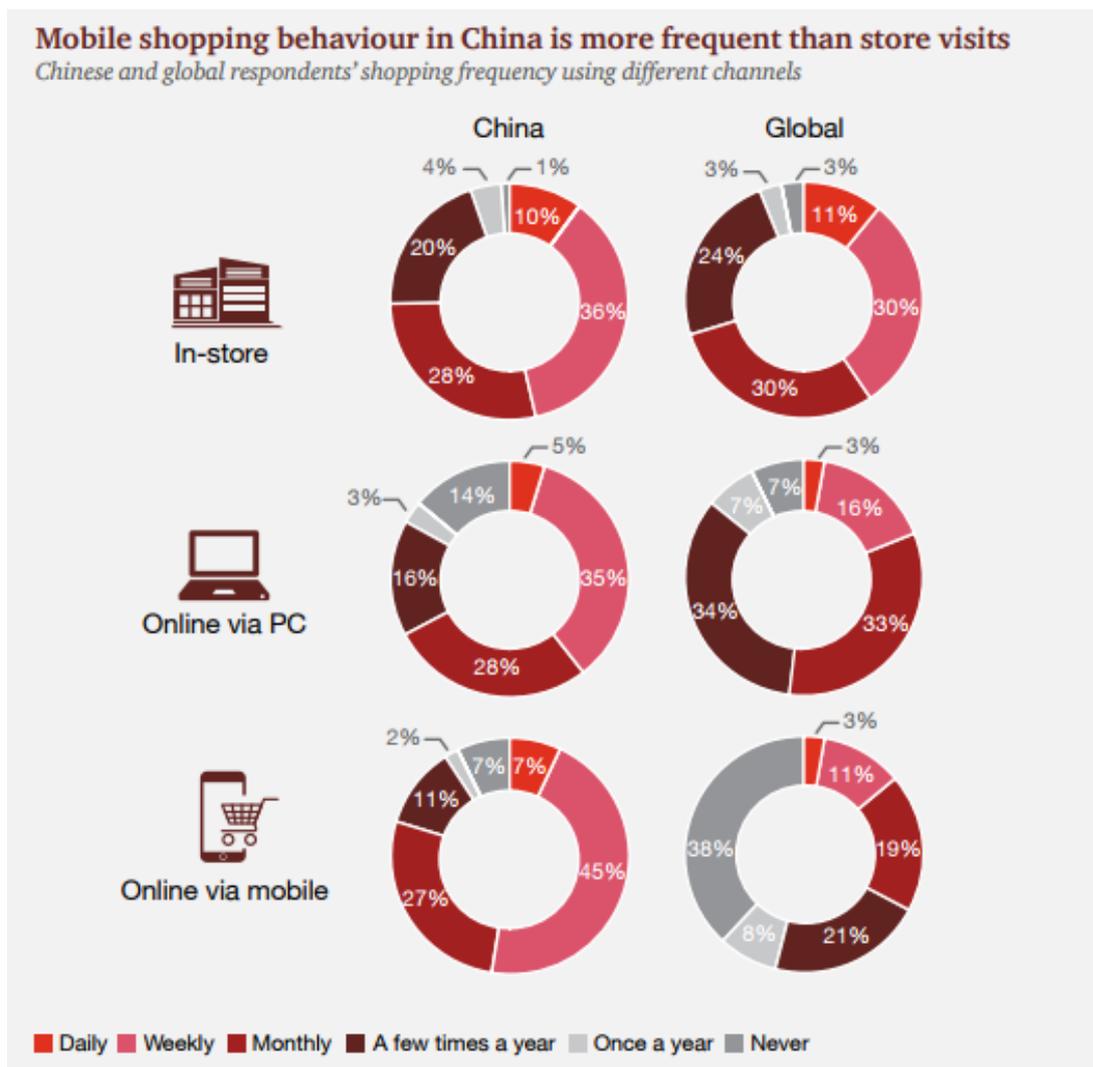


Image 2.5. Source: PwC Total Retail 2017

secondly the internet eroded old leaders margin with a greater price transparency, in this way consumers decide the “fair price” for a selected good. Social and digital

marketing are also driving this trend, allowing consumers to discover brands and products online⁷³.

Taking in consideration a study conducted by PwC “e-commerce in China – the future is already here”, we can observe several trends that are shaping the ways in which consumers purchase online in China (fig. 2.5).

Firstly we can observe that the purchasing in physical store are declining, in this sense many companies and brands start to growth digitally using O2O

strategies, this means using online channel for driving consumers into physical store.

Retailers also are changing and started to invest in Omni channel strategies that are able to cover a broader spectrum of activities such as marketing, merchandising, customer service and fulfilment for improving operational efficiency and customer experience.

Another interesting trend is to build contents able to create better consumer

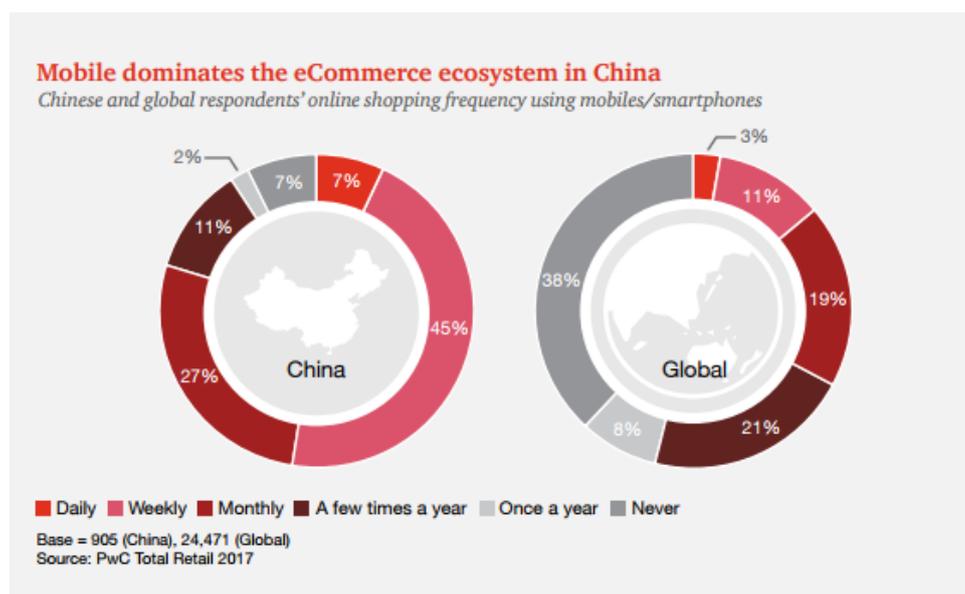


Image 2.6. Source: PwC Total Retail 2017

experiences in order to entertain them while shopping. This trend is particularly relevant if we take in consideration what stated above: Millennials want to have fun and want to make shopping an entertainment activity. Many companies are incorporating in the shopping environment video, games and communities in order to allow customers to enjoy the shopping experience the most.

⁷³ Joshua Lu, Anita Yiu, “The Asian Consumer, Chinese Millennials”, Goldman Sachs, 2015.

A really important factor to take in consideration in this sense is that for Chinese Millennials internet and e-commerce are mobile (fig 2.6). The Chinese consumer shop using his smartphone, and do so on a daily or weekly basis. Here the engagement created by entertainment is even more important: mobile and social engagement are critical for gaining attention from consumers and drive them to purchases. Keeping the eyes on social it looks obvious that companies and brands has to leverage on it. In particular for Chinese Millennials social platforms allows brands to build an end-to-end consumer journey. With social media these consumers discover new brands and products, check the quality of products looking for information on blogs and reviews, purchase directly on e-commerce platforms and finally leave reviews and feedback about what they purchased. In this way it is mandatory for brands to participate in social communities and engage with consumers on social platforms. This calls for renovating constantly strategies of this type because for Millennials social has been integrated deeply into their consumer journey and they switch platforms constantly demanding for more creative and more distinctive approaching methods⁷⁴.

At this point it is really interesting to note which are the sectors that are growing in e-commerce and which are those already mature. PwC distinguished sectors that has already reached the maturity, such as clothing and electronics, and market in which the growth has not stopped yet. These markets are:

- Food, where prices are relatively low and consumers, mostly Millennials, are always striving for trying something new, something unique or interesting that they never tried before. Here the most important attribute that drives the choice of consumers are the safety and the quality of the food and the price, this made companies investing in the build of trust and in technologies able to lower prices and able to provide always more particular types of foods.
- Luxury, where Millennials are driving the trend for the consumption of these particular goods for both gift-giving reasons and personal consumption. Here Millennials are more willing to access e-commerce platforms for taking advantage of promotions. The concerns for quality and authenticity are solved using brand's own marketplace, where besides the safety of the purchase they can live better experience. This market gain relevance when taken in

⁷⁴ PwC "eCommerce in China – the future is already here", 2017.

consideration with omni-channel strategies, it is true indeed that penetration rate can't be as high as the mass-market, but these services are extremely useful in order to integrate the physical store into the media strategies. Historically these brands focused on traditional media formats for engaging consumers, but now Chinese consumers are changing this trend forcing these brands to integrate the digital part in their communication channels.

- Sport and wellness, the consumption of these products is on rise since the early 2011, when president Jinping expressed his will to make China a global sport superpower. In this way sports brands are going beyond the products to position themselves as drivers of wellness through the use of community engagement. This market is really interesting from the point of view of brands, because they are using multi-channel strategies to engage Chinese consumer in sportive activities, these strategies focus on the creation of showrooms, the engagement creation across the most important social media, and the build of strong communities around key opinion leaders and events⁷⁵.

2.3.3 Payment methods

We have already seen how much the e-commerce is developed in China, this means that many transactions are made online, in this sense it looks obvious that for Chinese and Millennials in particular there is less and less need for physical currency.

But we have to point out a difference: China represents one of the vaster territories in the world, this implies that we have to take in consideration the aforementioned differences among all the different territories, or tiers. Generally speaking China is still a cash economy in large parts of the country, in small and rural cities cash is still predominant, here indeed credit cards are less accepted and it is more difficult to find banks. The situation changes once we look at areas of tiers one and two: in big cities cash is rapidly disappearing. Almost every person use a smartphone to pay for almost everything. This is not just a trend, we have seen that in many Northern Europe countries there is a massive use of credit and debit card, for example, but in China there is something more: mobile payments. While in Europe and USA the so called "mobile

⁷⁵ PwC "eCommerce in China – the future is already here", 2017.

wallet”⁷⁶ is just a news and the adoption rate is really low, mobile payments in China are on the rise.

Payment Wall, a leading global payments platform that help over 200.000 merchant stated that “China is home to 641.6 million Internet users, more than the entire population of the United States. According to the People’s Bank of China, mobile transactions rose by 255% to ¥ 3.89 million between 2013 and 2014”⁷⁷.

This attitude is confirmed by the PwC Total Retail survey, that showed that 80% of Chinese are willing to pay products using mobile, compared to 49% globally⁷⁸.

When it comes to numbers we can see that the attitude toward mobile payment is confirmed. Cards that can be used either for paying online or offline are leading the trend, while mobile payments via Non-Banking Apps are growing exponentially (fig. 2.7).

With regard of bankcard we can see that the leader is UnionPay that is a financial services corporation that provides bank card services. Its cards result to be the most used in China with at least 3.4 billion cards are currently in circulation⁷⁹.

⁷⁶ “A virtual wallet that stores payment card information on a mobile device. Mobile wallets provide a convenient way for a user to make in-store payments and can be used at merchants listed with the mobile wallet service provider”. Investopedia definition, picked up at: www.investopedia.com/terms/m/mobile-wallet.asp#ixzz5527alfw.

⁷⁷“PAYMENT METHODS IN CHINA”, Paywall, 2017, retrieved at: www.paymentwall.com/en/payment-methods/china.

⁷⁸ PwC “eCommerce in China – the future is already here”, 2017.

⁷⁹ “PAYMENT METHODS IN CHINA”, Paywall, 2017, retrieved at: www.paymentwall.com/en/payment-methods/china.

THE DEVELOPMENT OF CASHLESS PAYMENTS IN CHINA: 2013-2016

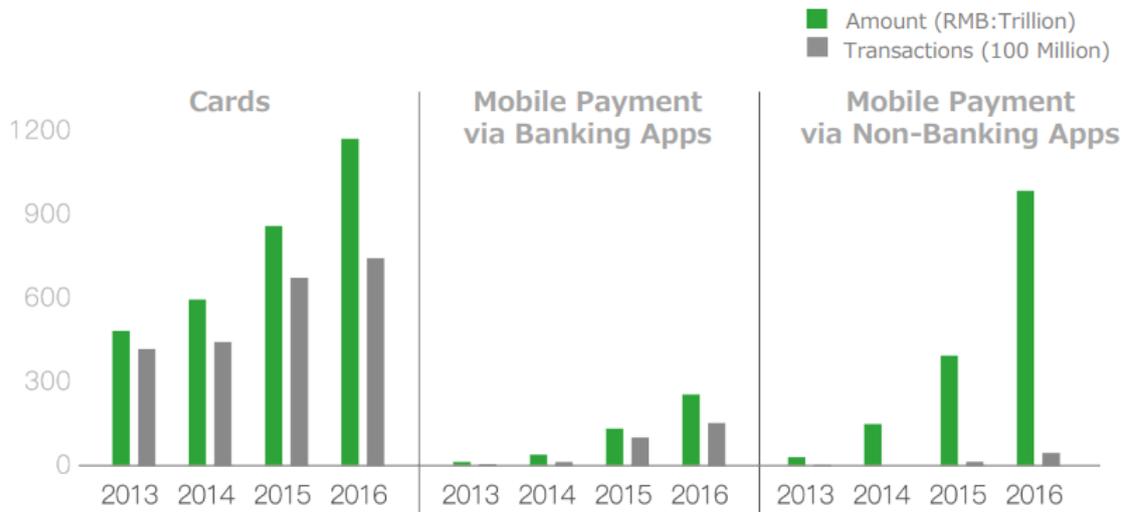


Image 2.7 Source People's Bank of China, (2013, 2014, 2015, 2016), China Payment System Development Report Payment and Clearing Association of China, (2013, 2014, 2015, 2016), Operation Report of China's Payment and Clearing Industry

Speaking about Mobile Non-banking Apps, at this point it is interesting to better understand which are the most used mobile platforms that are hypothetically overtaking cash and credit and debit card, and how do they work:

- Alibaba's Alipay, it is one of the most used internet platform for paying in China, it lets customers pay for online purchases with eWallet, credit cards, debit cards and bank transfers. Its use is so widespread that for Goldman Sachs it will overtake credit and debit card usage. In fig. 2.8 we can see that in 2013 its transactions were almost as many as those with bankcard.
- Tencent's WeChat Pay, that is a payment solution integrated into the WeChat application, where the customer can pay either on the web or by scanning the QR code with a smartphone to complete the payment. Its use and features will be analyse in next chapters.
- Tenpay, that with over 200 million active users, is the leading payment method in China. It is partnered with over 80 Chinese financial institutions and offers multiple payment options such as bank transfers and mobile payments.

The landscape in China⁸⁰ that results from the previous investigation is totally different if compared with the Western one. All those trends that are considered to grow in Europe and USA, are already taking place in China. In this sense for Chinese Millennials smartphone are totally replacing cash in every sense, being for the use of Non-Banking app or simply for using bankcards. They rely on these solutions for buying everything for purchasing a book or for paying the dinner, and also for paying utility bills, for getting a loan or investing in money in funds. The volume of smartphones paying is huge, in 2016 it reached 1.85 trillion dollar and companies as Tencent and Alibaba are leading the trend. All these considerations are really important and has to be kept in mind in the analysis of WeChat.

Number of transactions via Alipay vs. bankcard

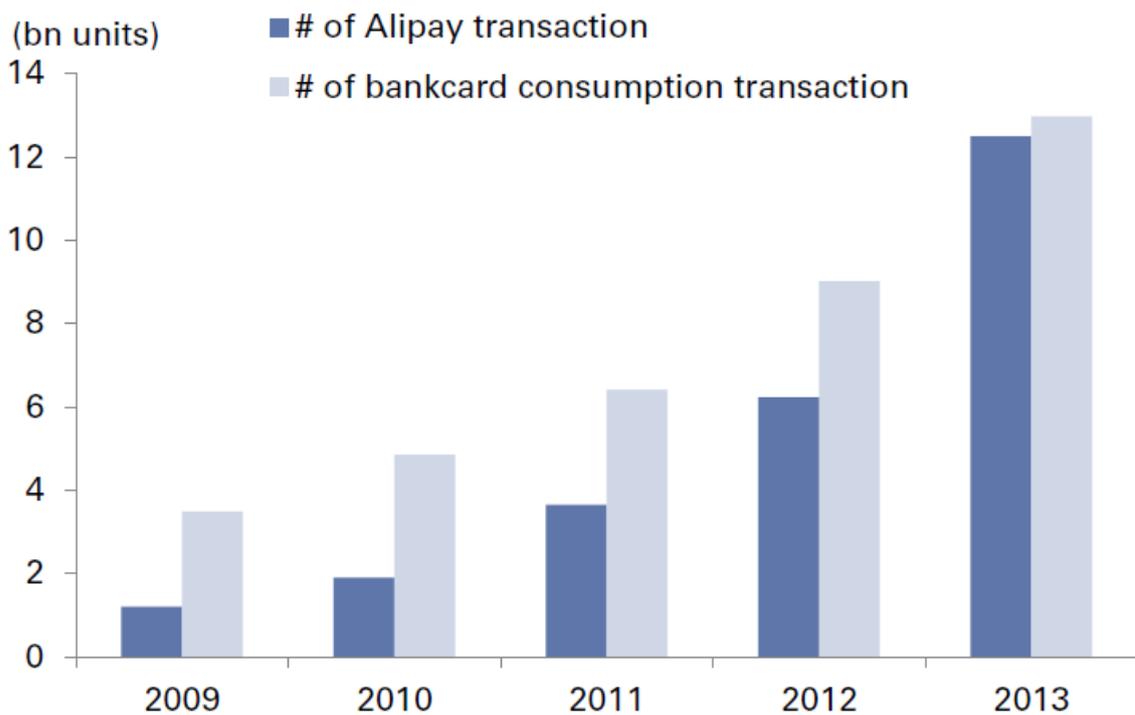


Image 2.8. Goldman Sachs

⁸⁰ In the big cities of Tier one and two.

3. Cross cultural comparison on mobile applications

After having investigated all the phenomena related with Chinese and Western Millennials where the focus were the communicative patterns they have and the purchasing habits they use it is time to move ahead. The aim of this section is to get an in-depth understanding of WeChat and all the stand alone apps that have similar functionalities in the Western world. In particular I will describe features and functionalities of these apps, I will start from WeChat, being the core focus of this study and then I will move to the apps that will be taken in consideration as equivalents of WeChat.

Understand which app can be considered equivalents of WeChat is not an easy task though. Services offered by this platform are many and for some of them it is impossible to find an equivalent in another application. With WeChat indeed anyone can: send instant messages, share updates and photos with friends, share real-time location with friends, find random people nearby, read articles and look for any publication shared on the platform, transfer money, pay in stores, repay credit cards, pay utility bills, get access to third-party services such stores, laundries, food deliveries, taxies and so forth. It looks clear that even if for many of these features an equivalent app does exist, for others it is impossible to find such functions.

In this case, since the focus of this study is to analyse its features in light of those patterns related to communication and purchasing habits that affect Millennials, I think that WeChat can be considered as the China's equivalent of WhatsApp, Facebook, and PayPal all combined into one app. Precisely I am considering these apps because: WhatsApp can be considered a good benchmark for what concerns communication and in particular instant messaging communication, Facebook on the other hand can summarize all the communicative features not considered as messages, and so it relates to content creations and public expression of oneself, meanwhile PayPal can sum up all the functionalities for paying both online and offline, in this way it would be helpful for giving coherence at the investigation of the purchasing habits conducted previously. All the other features, with their hypothetical consequential equivalents, although really interesting, will not be taken in consideration. I will describe these features in the part dedicated to WeChat but they will not be used for comparing the two app systems: the integrated system used by WeChat and the app-stand-alone system used in the West.

3.1 Mobile applications breakdown

WeChat

Starting from WeChat I will begin with a generic background then I will move ahead to address the principal functionalities of this app highlighting, in particular, the factors for its success.

WeChat, or Weixin in Chinese was launched by Tencent, a Chinese multinational investment holding conglomerate whose subsidiaries specialize in various Internet-related services and products, entertainment, AI and technology both in China and globally⁸¹, in 2011 from its Guangzhou Research centre. WeChat was born as an instant messaging app and it gained relevant success since its launch, especially for its ability for making voice calls and leave voice messages. After the initial success it started to encompass more features becoming one of the most used platform in China with an active user base of almost one billion people with the 86,2% of them belonging to the age range 18-26 years old⁸².

It is easy to infer that the core function of WeChat is the capability to send free messages to phone contacts that also use WeChat. Here the similarity with WhatsApp is straightforward, it allows users to transfer pictures, videos or vocal notes in private chat as well as in group chat. But in WeChat there is something more, it incorporates many more features than WhatsApp: it has a “Moments” functions that enable users to have their own timeline. In this timeline users can post updates for all their peers to see and also like and comment on other users’ updates (similarly to Facebook’s timeline). Moreover it has a “look around” function that allows to localize oneself and share his position to the public for a limited period of time for finding people nearby and interact with them. It also have a “shake” function that allows users to discover new people and corporates with a shake of the smartphone, indeed, just shaking it the user connect to a random person or company in the world.

In this way we can highlight all the other functions related to communication such as the transferring of pictures and videos, the call functions, the function to customize stickers

⁸¹ Wikipedia, retrieved at:
en.wikipedia.org/wiki/Tencent

⁸² “WeChat | capabilities & opportunities”, 2016, Accenture.

or gift and the function that allow users to add contacts using their address book matching or their ID scanning a QR code.

All the functionalities aforementioned can be in some way linked to communication in its broadest sense. But there are other functionalities that don't relate with communication and put WeChat in the position to be considered a "Super Chat".

But these are actually more than simple functionalities, what WeChat does is to integrate most of China's most popular apps inside its platform. These apps are called "mini programs" and resolve one of the most popular paradoxes on mobile devices that is the fact that people spend a lot of time in apps, but they use only a very small selection of them in total.

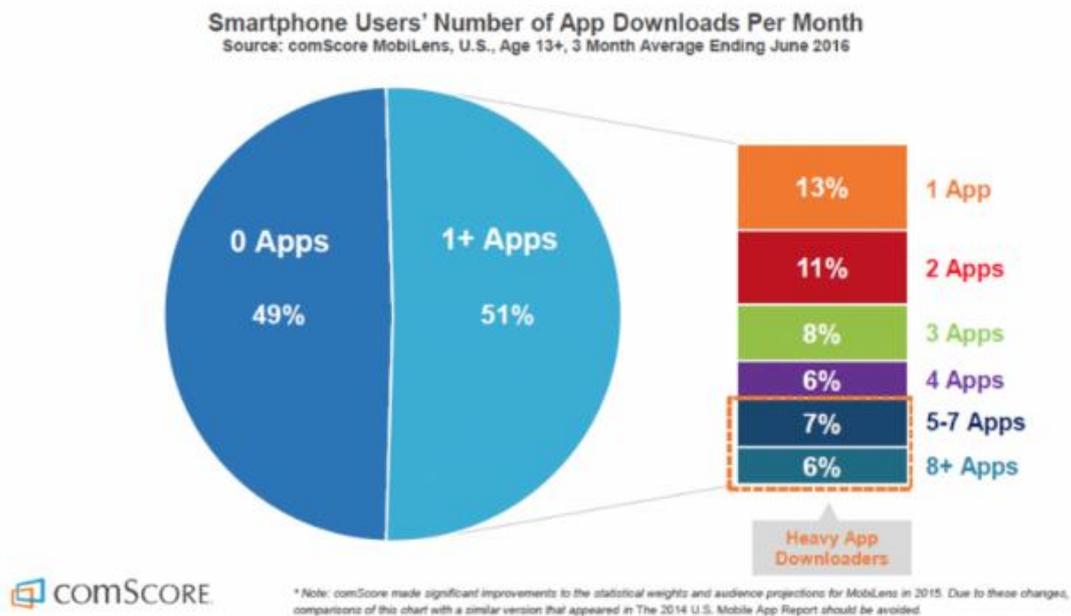


Figure 3.1 Source: comScore

The graph above (fig. 3.1) shows the smartphone users' number of app downloads per months and it tells us that users do not download many apps in a month even if they could be considered useful by them.

The possibility to make users benefit from different app in just one is the really beauty of WeChat because in this way the app has basically no limits. Users in this way don't have to download different apps for obtaining the service they were looking for, they just need to swap the function they are using and satisfy their needs, this can explain why its

use is so widespread among users. In this way users are allowed to benefit from almost every service they want, in particular among others thing, they can: share bikes and cars, make small donations to charity, book a taxi, buy a movie ticket, play games and order food.

At this point we have seen the typical communicative features of this platform and all the services that it is able to provide to its users, or at least what is the rationale behind them. Now the last feature that I would like to underlie is the WeChat Wallet, a function that can be considered vital for the proper functioning of this platform.

WeChat Pay or WeChat Wallet it is basically a user's "digital wallet" that allows users to pay for everything, either online or offline. It can be used for paying utility bills, splitting dinner bills with friends and for booking and paying for movies and taxis, for example. It accounts for over 600 million active users and it overtook AliPay, the digital wallet of Alibaba in 2014, now its users are 450 million⁸³.

But how does this tool work? Its usage is actually really simple: users connect their credit card to their WeChat account, then the app ask for creating a six-digit pin number that will be used for every transaction made with the wallet. The transactions, as already stated can be done through the app, meaning that users use their money to pay with the app, or scanning a QR code. In this way users can not only pay but also transfer money, for example for splitting a bill or for donating money to a friend.

This easiness of usage and the possibility to do many things without leaving the app is the main advantage of this app, explaining why its use it is so widespread, and not only in China. The app indeed is available in English, Chinese, Thai, Indonesian, Vietnamese, Malay, Japanese, Korean, Portuguese, Spanish, Polish, Italian, Russian, Hindi, & Turkish. but even if the app is distributed almost everywhere many features are typical of Chinese users. The WeChat Pay feature, for example, doesn't seems to be used in other countries as much as in China.

⁸³ Clark Boyd, "An introduction to WeChat: The evolution and future of China's most popular app", ClickZ, 2017, retrieved at: www.clickz.com/an-introduction-to-wechat-the-evolution-and-future-of-chinas-most-popular-app/111401/

WhatsApp

WhatsApp was founded in 2009 as a cross-platform instant messaging application that allows smartphone users to exchange text, image, video and audio messages for free. Its success was quick, in February 2013, after just 4 years since its launch it accounted about 200 million active users⁸⁴. WhatsApp was appreciated especially among end users who didn't have unlimited text messaging, it revolutionized the market because it started to use internet and not classical cellular services for exchanging messages, and also because launched the concept of instant messaging.

In 2014 WhatsApp was acquired by Facebook becoming the most globally popular messaging app, with more than 600 million active users. Nowadays it has 1300 million users (fig. 3.2) and it added new features that I will describe below.

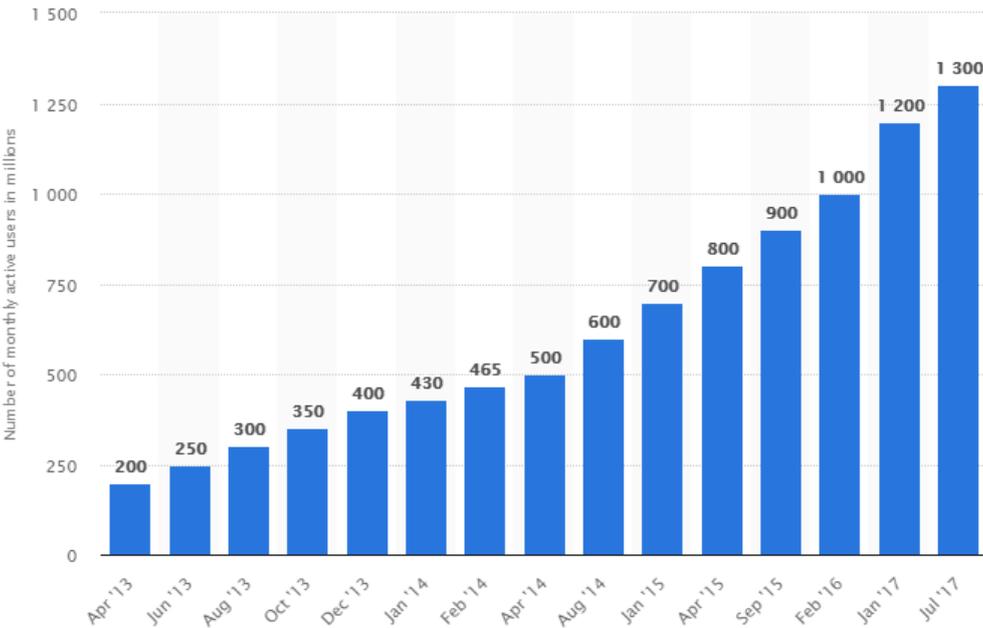


Image 3.2 "Number of monthly active WhatsApp users worldwide" Source: Statista.com

As already noted the success of WhatsApp was due to its messaging features able to revolutionize the market. But lately other features were added, in particular, as we can note from WhatsApp website, there are many other functionalities always related with

⁸⁴ Wikipedia, picked up from: en.wikipedia.org/wiki/WhatsApp

messaging that are able to enhance its power and to diffuse the usage of the app among its users. These features are:

- Simple and reliable messaging, which allows users to message with friends and family for free, using smartphone's Internet connection to send messages avoiding SMS fees. Messages can be sent either as texts or as recorded voice messages.
- Groups chat to keep in touch with groups of people like friends, family or co-workers. This function allows users to share messages, photos, and videos with up to 256 people at once, with the possibility to name the group and customize notifications.
- Speak freely with voice calls, even in other countries. This feature, as all the others, is free and allows users to make also video calls, for having a face-to-face conversations. Calls use smartphone's Internet connection, instead of your cell plan's voice minutes, so there are no worries about expensive calling charges.
- Share moments, sending photos and videos instantly on the app. This functions allows users to capture the moments with a built-in camera and share them for a limited period of time.
- Share documents in an easy and simple way, sending PDFs, documents, spreadsheets, slideshows and more, without the hassle of email or file sharing apps⁸⁵.

We can note at this point that WeChat and WhatsApp are really similar for what concern the features related with the sending of instant messaging, but as we have already seen, WeChat has something more. I refer on those functionalities that allow users to share contents, those functionalities relates in some way more with the Facebook app.

Facebook

Facebook, the most famous American online social media and social networking service was born in 2004 from an idea of Mark Zuckerberg. Originally it was more or less a year book where students could join the network adding some information about themselves. It quickly spread among student of all American Universities and finally, in

⁸⁵ WhatsApp.com retrieved at:
www.whatsapp.com/features/

2006, it was extended beyond educational institutions to anyone with a registered email address.

Since its beginning the platform continue to add features and continue to grow exponentially, reaching in 2017 over 2.07 billion monthly active users. The success of Facebook can't be compared with any other social media. It changed the world, its importance is paramount in many sectors. It changed the rules for business, forcing them to have a presence on the platform for attracting customers, in this way it changed the marketing communication, in particular with its advertising system it allows marketers to target their ads based on the wealth of information users provide about themselves on the site. This interface not only generates revenue for the company but also creates a rare opportunity for small businesses with limited advertising budgets and a need to reach specific audiences. It changed also the communication among people, making them feel as belonging to a community sharing a set of common practices and experiences. Finally it changed journalism and the way in which people gain information, it has become an important driver to online news sites. People use to retrieve all the news from this platform avoiding newspaper or TV, because basically they can obtain information tailored on their interests without living the app.

At this point it is important to see which are all these features aforementioned.

Structural features

Starting from the features linked with the structure of the platform itself we can find:

- News feed, that is a system through which users are exposed to content posted on the network. Facebook selects a handful updates to actually show users every time they visit their feed.
- Friending that is the act of sending another user a friend request. The two people are Facebook friends once the receiving party accepts the friend request. People can accept the request, decline it or hide it. Moreover once people become friend they can unfriend and block each other.
- The Wall, it allows the posting of messages, often short or temporal notes, for the user to see while displaying the time and date the message was written. A user's Wall is visible to anyone with the ability to see his or her full profile, and friends' Wall posts appear in the user's News Feed.

- Timeline, it is the place in which users' profiles show contents based on year, month and date. Every content in the timeline as well as in the wall or on profiles can be “liked” or commented. Like was the basic features that has been integrated with other emotions such as love or laugh. These features enable users to easily interact with status updates, comments, photos, links shared by friends, videos and advertisements.
- Messenger, this feature that actually is represented by a different app linked directly with Facebook is an instant messaging service and software application really similar to WhatsApp. It represent the “chatting space” of Facebook. Since it is another app collateral to Facebook and its functions are really similar to WhatsApp, Messenger will be no further investigated and will not be taken as a equivalent for WeChat.
- Groups, with Facebook users can create groups. These groups allow members to post content such as links, media, questions, events, editable documents, and comments on these items. This feature is mainly used for collaboration and allows discussions, events, and numerous other activities. They are a way of enabling a number of people to come together online to share information and discuss specific subjects.

Applications

Within Facebook there other applications developed by Facebook itself and not by third parties (as in WeChat). These applications can be used within the app and therefore allow users to join a multitude of services without leaving it.

These apps are:

- Events, this tool is a way for members to let friends know about upcoming events in their community and to organize social gatherings. Events can be public or private. Private events cannot be found in searches and are by invitation only.
- Marketplace, this feature was introduced in 2007 and allowed users to post classified ads within sale, housing, and jobs categories. The marketplace never gain much attention though and it was shut down in 2014. In 2016 the marketplace was launched again for the growth of organized "buy and sell" Facebook Groups.

- Notes, that is basically a blogging platform offering users the ability to write notes, attach photos, and optionally import blog entries from external sources.
- Places, that is a feature that lets users check into Facebook using a mobile device to let a user's friends know where they are at the moment⁸⁶.

The structural features of Facebook and its applications put this platform in the position of be compared quite straightforwardly to WeChat. The many features of Facebook although developed internally by this platform, are trying to complete the offer of services provided. The difference here is that while for Facebook every new feature has to be launched and tested, for WeChat that rely on third parties, the new feature create added value to its users that see another service integrated within the app. For Facebook, that on the other hand, create a new feature every time, this process has to be liked by the audience that could, easily, don't find the feature attractive and bring (as in the case of the marketplace) to the shutting down.

For what concerns the communicative part of Facebook, that one that will be compared with WeChat, we can see that, although features are similar, WeChat is more simple and has less feature then Facebook. The wall and the timeline can be easily compared to the Moments of WeChat but the development of Facebook is definitely more complex and allow users to do many things that are not possible with WeChat.

PayPal

PayPal is an online payment system that allows individuals and companies to transfer money electronically. Belonging to PayPal Holdings Inc., a subsidiary of EBay, this system was launched in 1999.

The payment system made up by PayPal allows its users to send or receive payments for online auctions, purchase or sell goods and services, make or receive donations and exchange cash with someone.

In this sense PayPal allows users to make payments using a variety of methods including: PayPal balance, bank account, PayPal branded debit and credit cards, PayPal linked to debit card, and credit card and moreover it allows users to pay with digital mobile wallet.

⁸⁶ Wikipedia, picked up from:
en.wikipedia.org/wiki/List_of_Facebook_features

Use and sign up for PayPal is quick and it doesn't require a bank account, although for many features a checking account or a credit card is needed. In this way users can make payment and use their money in many different ways: associating the PayPal account to another bank account, charging directly the PayPal debit or credit card and also transferring money with an email address associated to a PayPal account.

Here we will focus mainly on the way to make purchases and transfer money with the digital mobile Wallet, that is the function that fits the most as equivalent of WeChat Pay.

In particular the PayPal wallet works with the downloading of PayPal App, in this way it is simple to make payments: users has just to select the store, decide how to pay, show to the store the app code that will be scanned as a payment. The app brings the power of online account in a mobile device allowing users to pay directly the retailers or transfer money to other people.

In this sense the features of the PayPal wallet is quite similar of WeChat Pay, other e-wallet have developed recently as Google Pay, Apple Pay, and Samsung Pay. I will considered PayPal wallet because it is the most used payment system among the aforementioned ones, moreover it is gaining relevant importance especially after PayPal reached agreements in 2017 with both Android Pay and Samsung Pay to allow customers to use PayPal through those two digital wallets, putting itself in the position to be the first player in this market.

3.2 WeChat analysis on communication and purchasing habits

After having showed the functionalities and features of WeChat and of all the other apps that has been taken as equivalents I would like to move toward the investigation of the particular patterns related to communication and purchasing habits of the Chinese “Super app”.

In the next part I will try to address these patterns, firstly on the communication aspect and secondly on the purchasing aspect of WeChat, to do so I will analyse the particularities of this app and, when possible, I will compare those with the ones of the Western equivalents apps: WhatsApp, Facebook and PayPal.

3.2.1 Communication

As already stated in this part I will try to show the particular patterns of WeChat related with communication. Having already investigated how Millennials and users in general communicate in this platform I would like to go deeper and analyse the communication on this platform from another standpoint. To do so I will focus on three aspect: how motivation and trust of users toward WeChat affects the communication, how firms use communication to develop customer relationship and how advertising strategy is able to change the ways for communicating.

Starting from the ways in which motivation and trust of users is able to influence the communication we can note that the communication activities on WeChat are many, for example socialize with friends, get entertained, and exchange information about product and services. In this way WeChat has become an important social platform to communicate and companies could use it for directly communicating with their audience. In my opinion it is important, at this point, to determine social media attitudes of users through their psychological motivations in order to understand what motivates people to use this media platform for communicating.

Che Hui Lien and Yang Cao conducted a really interesting study that examines WeChat users’ motivations, trust, attitudes, and positive word-of-mouth. In their work they

suggest that users of different cultural and social backgrounds have different motivations for using social media. In particular users of Facebook seek entertainment, sociality and self-status while the motives of Chinese users focus on sociality, entertainment and information. In this sense people that see their needs fulfilled are more likely to use WeChat. The authors define “entertainment as the extent to which WeChat is fun and entertaining to its users” while “information refers to the extent to which WeChat provides users with resourceful, timely, and convenient information” and “sociality is defined as individuals interested in connecting with old friends, keeping relationships with existing friends, and meeting new people through WeChat”⁸⁷. These motives have a positive influence toward the use of WeChat and they are able to influence the communication on this platform. More precisely influencing the trust toward WeChat this drivers are able to raise the level of positive World of Mouth. In this way information on products, services, and others can spread from one consumer to another, especially through the media communication. The WOM then is an important driver for promoting products or services, and discover which determinants are able to impact on consumers engagement is of paramount importance for organizations that use WeChat for their advertising strategy.

The results of the study confirm that the aforementioned drivers (entertainment, information, sociality and trust) positively influence the attitude of users toward WeChat affecting significantly positive WOM. An interesting finding is that the dominant role on users attitudes is supported by entertainment, in this way providing more entertainment enhance users attitudes strengthening the willingness to engage in positive WOM. This is an important signal both for WeChat and companies, because it shows that entertaining users is a really good communicative practice to engage with. Users that engage in entertaining communication are more inclined to receive the message positively.

Another important implication is that WeChat is perceived by its users as a good source of information, and information positively influence users’ attitudes, this show that Chinese see this app as a tool for sharing and receiving trustful information. In this sense company have to focus their communication on information about products, this

⁸⁷ Che Hui Lien, Yang Cao, “Examining WeChat users’ motivations, trust, attitudes, and positive word-of-mouth: Evidence from China”, Elsevier, 2014.

information have to be updated often and have to be reliable and of a good quality in order to influence positive WOM.

For the social aspect we can see that social interaction is one of the bigger motivation for adopting WeChat for Chinese users, demonstrating that inspiring social interaction improves the attitude of users toward the use of the platform.

To conclude, authors have demonstrated that “the trust level users have on the comments of products/services on WeChat, the more likely they will feel comfortable in using WeChat and will engage in making positive products/services ratings on WeChat”⁸⁸. In this way the platform is seen as trustful and the communication become the driver for this: comments, rating and feedbacks posted by people or companies are trusted on the platform, implying that both WeChat and companies that advertise products can benefit from the building of the users’ trust.

Moving ahead it is important to better understand how firms communicate on WeChat and how do they leverage on communication for developing customer relationships.

The particular business model of WeChat it is based on social relationship. The WeChat business refers to an interaction between firms and consumers in which firms show, promote and sell products on the platforms. The business is strongly people-oriented because it is based on social interactions and communications, and provides firms with an innovative way to develop customer relationship. WeChat does so in two ways: pushing firms to develop customers relationships through the posting of information related to products on the news feed and making firms develop friendship with customers through the social networking platform. WeChat allows companies to do so interacting with users, commenting, for example, costumers updates on their news feeds.

The usage of this business model is really interesting because starting from the relationship marketing put the relationship with customers on another level: customers friendship. In this way firms can support emotionally users and exchange attention with

⁸⁸ Che Hui Lien, Yang Cao, “Examining WeChat users’ motivations, trust, attitudes, and positive word-of-mouth: Evidence from China”, Elsevier, 2014.

them. This is done for establishing a long-term relationship really valuable, customers in this way are emotionally attached to companies and want to socialize with them⁸⁹.

Shuai Yang, Sixing Chen & Bin Li investigated this new business model in their study “The Role of Business and Friendships on WeChat Business: An Emerging Business Model in China” for understanding the actual effectiveness of developing business relationship and friendship with users and their findings were that the instauration of these relationships through the communication can increase product sales, but developing both business and friendship relationship could potentially lead firms to have less profitable outcomes and could nullify the positive effect of each independent strategy. They argue that “customer preferences on business relationships were relatively stable across the number of purchases. However, when we compare the average customer preferences on friendships across the number of purchases, we find that customer preferences on friendship remained stable only after the first purchase”⁹⁰. This pushes firms to choose between one of the two relationship, communicating either for establishing a business relationship (giving products highlights and information) or a friendship relationship (trying to enter emotionally in the customers’ preferences).

It looks obvious at this point that companies have to understand how to best develop relationship with customers, in particular when using social networking platforms, firms have to be sure to provide information and updates, especially information related to products. Then they have to distinguish between new and experienced customers. For the new ones the emotional bound established with a friendship relationship it is useful for being trusted by them, while for experienced customers firms should strengthen existing business relationship without get in the emotional sphere and establish a friendship.

Concluding we can note that WeChat is a really powerful tool for developing multiple relationships through communication but companies has to do valuations before to decide how to engage with them.

⁸⁹ Shuai Yang, Sixing Chen & Bin Li, “The Role of Business and Friendships on WeChat Business: An Emerging Business Model in China”, *Journal of Global Marketing*, 2016.

⁹⁰ Shuai Yang, Sixing Chen & Bin Li, “The Role of Business and Friendships on WeChat Business: An Emerging Business Model in China”, *Journal of Global Marketing*, 2016.

The last pattern that I would like to describe takes in consideration the ways in which advertising strategy is able to change the ways for communicating within WeChat.

This part is really important because advertising can be taken as a direct comparison with Facebook and WhatsApp. It is also really important because it highlights very well how the marketing practices differ from US and China.

Before to start we have to make a step back and evaluate how WeChat and Facebook use advertising. The two systems differ because even though WeChat began to use a similar advertising model of Facebook, where businesses are allowed to target users posting messages in their “moment” page (like Facebook’s news feed page), on WeChat advertising is based on impression (impressions are the number of times one content is displayed and not clicked on) and businesses don’t pay per clicks on ads. Moreover only companies that talks directly with WeChat can launch a campaign.

WeChat sustain this policy because Chinese people very much dislike the generic mobile advertising, when users receive this type of contents they just put it aside, they just want optimized mobile ads; where optimized means that they want ads useful to them: they want secure, localized contents that has a purpose and are able to serving to a specific scope, such as those features able to compare prices and products while shopping. Asians from this standpoint are really different from European and Americans and they are less receptive to mobile ads, that’s why WeChat limited the access to businesses for advertising.

The native advertisement of Facebook, on the other hand, need big amount of data to create engagement within its users base and the only way Facebook could gain more data was the differentiation of its service. This is the reason why it bought a variety of apps such as WhatsApp and Instagram: to give business a powerful product where they could directly impress their targeted audience with tailored messages. The engagement

of users is key here and the will of Facebook to build an all-around communication platform witnesses it⁹¹.

WeChat created a product that is perfect for its audience benefitting from a unique configuration of the Chinese market: in this market society does not have a virtual separation between play and work so it is possible to have one single application that dominates all the aspects of a person's life. This is unbelievable in America because people tend to divide private and professional life using multiple social networks. In this way it looks like WeChat does not need to differentiate its offer spreading it on different platforms.

In this way we can see that the communication is influenced by advertisement, WeChat is giving to its users utility with a limited use of advertisement. It has already done what Facebook is trying to do now, integrating different platform in order to sustain its main source of profits. WeChat should remain useful to its users without overwhelm them with native advertising, changing the communication system inside the app.

The communication is affected by advertising and, although users can find ads useful in some cases, the policy of WeChat reveals itself to be a winning one. The particular configuration of the Chinese market explain this will to don't focus too much on ads but to focus on utility giving users the freedom to communicate in a more clean way without being bombarded with contents from companies that want to promote themselves.

3.2.2 Purchasing habits

For what concerns purchasing habits, in this part I will try to address particular patterns related with the ways in which Millennials use WeChat for purchasing.

To do so I will recall a study conducted by Accenture on how Chinese Millennials purchase online using WeChat⁹². the study takes in consideration the purchasing

⁹¹ Diana B. Kontsevaia & Paul D. Berger, "Mobile Marketing in China: Can WeChat Turn Their New Advertising Strategy into a Sustainable Advantage?", *International Journal of Marketing Studies*, 2016.

⁹² "Customer Journeys of the Millennials and Gen Z", Accenture, 2016.

patterns of three generations of customers: Older Millennials, Younger Millennials and Gen Z (those people that were born between 1996 and 1998).

The first interesting fact regarding this study is that WeChat is the most used social media for both Younger and Older Millennials, while Generation Z prefer to use “other social media”. Millennials in general use WeChat mainly for purchasing, showing that the app is the main place where this particular group of customers make purchases, both online and offline. The preferred channel for purchasing for Millennials is anyway in store, where WeChat is used mainly as a payment system, the second place where they prefer to shop is online through the use of smartphones, this trend shows us that the comfort of shopping through this channel is still of paramount importance to them. This can be considered indeed the main strength of WeChat, the capability to be used both for making online purchasing and for paying instore.

Another interesting trend highlighted in the study conducted by Accenture is the breakdown of purchases by category. We can note that for what concerns online purchasing the preferred products that Millennials buy are fashion related products. We can link this trend to the propensity of Millennials to be influenced by their peers and by people considered experts in the field. More precisely we can note that fashion related products are the ones more subjected to the judgment of others, in this way it is easier to be influenced to buy these goods. Moreover clothes and accessories are considered to be one of the principal objects that are able to identify a person within a group, and this is a factor of paramount importance for a Chinese Millennials given the collectivistic background they have. Getting back on WeChat we can note that this is not a surprising trend: Chinese Millennials want to be inspired and to buy products recommended by others, being them peers or celebrities; it look obvious that with this app it is really easy to see recommendations and reviews and then proceed immediately to the purchase of the products, users can get inspired and buy with a really high easiness without never leaving the app.

What already expressed perfectly fits also with the findings of Accenture on the reasons for making a purchase and where inspiration for purchases comes from. For what concerns the reasons for purchasing, Millennials based their purchases more on

recommendations from peers such as family and friends than Gen Z. Moreover they admitted to find inspiration mainly talking to family and friends and on social media sites. This confirms the aforementioned hypothesis that WeChat is the perfect tool for finding inspiration and finalizing purchases. This hypothesis is also confirmed by the fact that when Millennials have to choose among different items to purchase, their main drivers for choosing are comments and reviews from social media beside see the product in store.

We can see again that social media is one the biggest influencers in the purchasing decisions of Chinese Millennials, but with regard of WeChat we can note that it has other ways to influence the purchasing decision of customers, for example messaging. We said that Chinese Millennials are heavily influenced by peers and messaging is the most used way to communicate among people. In this way the “Super App” it is able to influence its customers in multiple ways, also just putting in contact friends and family. In this way it look almost obvious that the principal app for purchasing in China is WeChat.

At this point it interesting to put WeChat in comparison with other apps on different levels. More precisely as a starting point we can take in consideration Facebook on the level of the features the two platforms offers.

While Facebook is recognized to be probably the best app for its design and its communicative features, when taken in comparison with WeChat under the shopping point of view we can note that the Chinese app is much more ahead than its counterpart. WeChat integrated under its platform many other third parties and thus can be seen as a whole lifestyle, information and also shopping app.

The main feature that makes WeChat be a superior app in comparison with Facebook is obviously the integrated payment system that allow people to manage and transfer money from a part to another. WeChat in this way allow its customers to no longer need wallet when shopping, this can be seen as a radical innovation for this market combining the digital wallet and the social platform together.

But in WeChat there is more than just payments, indeed this app offers many different services for purchasing goods and services that Facebook can't offer. With its integration of third parties customers can buy and do almost everything and, repeating it again, without ever leave the app.

In this way it makes easier for companies to communicate with potential customers and also to sell them products. And also for costumers it is easier to engage in conversations with companies and get informed on brands' product, novelties and also benefit from sales and promotions directly through the app.

Last but not least not only WeChat integrated in a really successful way e-commerce but also it is able to provide a superior experience to its customers, mixing the social and purchasing experiences under its platform.

Facebook, on the other hand is trying to replicate these features getting inspired by WeChat but for now it is far away the efficiency provided by the Chinese app. Firstly because the business model of Facebook is really different and avoid the integration of third parties in the platform, taking as an example the marketplace developed by the American app there is no space for other companies to sell directly on the platform, everything passes through Facebook that wants to control every feature in order to deliver a better experience to its customers. Secondly we have also to consider the different background in which the two app operate: the two different types of customers, the Chinese and the Western one, have different purchasing habits, they are pushed by different factors when buying, indeed it is not a case that although WeChat is available in the American market it has no the same success as in China.

The other platform that has to be taken in consideration with regard of the payment system of WeChat is PayPal. We can note that back on the days the two systems were really similar, they were digital payment platforms used primarily in e-commerce and on-line shopping, but nowadays the WeChat Pay system become dominant and revolutionized the market. Users indeed use PayPal sporadically and the most of the time just for paying online and for person-to-person payments, while WeChat Pay looks like a total replacement for cash in the Chinese society.

This is mainly due to the two different backgrounds in which these systems operate. For PayPal being used everywhere revolutionizing the market was impossible. When PayPal was born the Western society was already using different payment methods such as credit and debit cards. Replacing those existing methods was almost impossible and could take tremendous effort for establishing a disruptive innovation. WeChat, on the other hand, born in China where all the aforementioned payment systems as credit and debit cards were not spread everywhere as in the West. In this way it was easier for this payment system to become the dominant in the market. Under the point of view of the functionalities of the two platforms we can see, also here, that the strength of WeChat is always the integration of other services that make the payment just the end of a more complex process for the purchase of products. PayPal is just a mere intermediary that connects the seller to the customers, although the technology adopted by the two systems is really similar this is the main difference between the two platforms. But it is important to note, again, how the context in which entities operate shapes the success of the initiatives. Here not only the background was different, but also the customers and their needs, while the West was needing a new payment system, the Chinese were needing an integrated app able to combine all the different features for communicating, making payments and purchasing.

3.3 Case Studies

In order to get an in-depth understanding of all the different dynamics that involve communication and the purchasing habits of Millennials, both Western and Chinese, in the different app systems, in this part I will show some empirical evidences interviewing two people working in Luxottica company.

Luxottica is an Italian eyewear company and the world's largest company in the eyewear industry. It is a highly vertical integrated company which produces, design and distributes its eyewear brands. The most famous brands of Luxottica are: Persol, Ray-Ban, Oakley and Vogue. It also produces frames and sunglasses for third parties, and, among the others, the most famous brands it serves are: Giorgio Armani, Dolce e Gabbana, Prada, Burberry, Versace and Michael Kors.

For better understanding how the two app systems, the app-stand-alone of the West and the integrated-app of the East, I decided to interview two people that has a huge experience relatively in the communication and purchasing sectors.

I will draw my conclusion using the findings related to two different case studies, the first related with communication, will be the Vogue eyewear brand communicative concept, while the second, related with the ways in which people purchase, will be the Black Friday on Luxottica's e-commerce channel.

3.3.1 Vogue eyewear communication concept – Case study 1

Starting with the communication concept of Vogue eyewear I will firstly introduce the person that I interviewed: Marija Jurkonyte.

Marija Jurkonyte is the content and social media manager for two of the house brands of Luxottica: Vogue and Arnette. She is been in Luxottica for four years, for the first three years she managed the digital part of these two brands while now she is responsible for the communication at 360° degrees level. This means that she is in charge for the content production, for the media buying, for the social media management and for all the executions of the campaigns through all communication channels in all geographies.

Going deeper on the work she has done with Vogue we can see that the brand has a long story for developing its campaigns through the use of ambassadors, indeed the brand collaborated in the previous years with testimonials such as: Kate Moss, Eva Mendes and

Adriana Lima. The claim for these campaigns where “She is in Vogue” and the concept behind it was that every woman has to show their beauty as the testimonials were doing in the campaign. The campaign was successful and it helped to develop and spread the brand awareness through all geographies, but even though it was doing well, something was missed.

After have done some market researches with the users of the brand, Mss Jurkonyte and its team find out that consumers didn’t really feel a strong emotional bound with the brand. Highlighting some of the key features of these consumers they built a more significant campaign using a more powerful message for addressing them. They work hand in hand with communication agencies in the end of 2016 and this helped them to identify the best communication approach, that was more top down rather than bottom-up as the previous one. In this sense instead of using the claim “She is Vogue” that was basically meaning “you have to be like the testimonials, you have to be beautiful”, the new campaign overturn this concept sending the opposite message, that is: don’t show your beauty, show your Vogue. In this way the idea of the campaign and of the new communication platform was that the real beauty is beyond beauty, and women are able to show the best of themselves when they manage to express themselves, for Vogue brand this is what they call the V-side. The V-side can be a particular skill, a passion or simply an attitude, basically everything that can help to express the personality. Recalling again for the concept of the beauty that lays within and not outside women.

The brand management team launched this new platform on March 2017, and the related eyewear collection (the spring summer 2017). The campaign was launched without any famous ambassadors, just in June they enriched the new platform with the collaboration of the well-known Gigi Hadid launching what it is called “the Capsule collection” which was composed from 4 styles that were produced with a lot of input from Gigi Hadid, she was basically one of the designers of these styles. The message of this communication platform was the same as in March, it added just a new hashtag #showyourVogue as a campaign claim. But what boosted the brand was the collaboration with Gigi Hadid that raised the brand awareness in terms of growth of the fan base on social media. The fan base on the two keys social media used for this platform, Facebook and Instagram grew exponentially; Instagram started with 72k followers in January and reached at the end of the year 150k, doubling the numbers of

followers and growing more than 100%. For what concerns Facebook instead, the growth was slower because of the different mechanism on organic search. These searches are almost insignificant on this social platform and this is way it is considered to be more a promoted campaigns platform than an organic platforms as Instagram. Anyway also on Facebook the team witnessed a good growth: the fan base grew almost of the 50%, and this is anyway a really good performance.

In this way Instagram platform is the one that adapts the best to the Vogue collaboration with these kind of influencers because in general Instagram gets celebrities closer to the consumers and to the final users. Users can follow in unnoticeable ways the life of super famous actresses and models and feel more like a part of their lives because they tend to share much personal information about themselves, and this definitely helps the brand to have better presence.

Mss Jurkonyte here compared Instagram to WeChat: the presence of these two social platforms is really similar. With the Moments feature of WeChat and its newsfeed users can get closer with they preferred celebrities. Moreover what just expressed for Instagram applies also on WeChat: the two apps can make users feel as a part of testimonials lives and this also raise the engagement on both the platforms. In Facebook, on the other hand, it is harder to feel emotionally bounded to a celebrity, because it mostly shows to its users contents related with the private circle of friend. In this way users can engaged mainly with their contacts rather than with brands and celebrities.

As we have already seen this factor of WeChat is really important for its users because not only they feel closer to their idols, but also because they can engage in purchasing activities.

Brand perception and ways in which it communicated among geographies.

Before to change the concept behind Vogue eyewear Mss Jurkonyte admitted that “the perception of the brand was similar in the all the geographies” meaning that it was perceived in the same way in the West as well as in the East and more precisely in China.

The brand was strongly linked with the fashion magazine Vogue that was considered as one of the most fashionable magazine able to drives trends and opinion leaders. It was the equivalent to “fashion” in all its expressions.

But although there was this strong linkage with the magazine, Vogue eyewear was not very well known and users had seldom seen it in shops and in this sense the advertising campaign gives them mixed feelings: on the one hand, really high expectations because they imagine glasses that will be on the latest trends and of very high quality, and on the other hand a little suspicious about the real fashion status of the brand.

With a particular focus on China we saw that disappointment stemmed from two main factors: the strong presence of eyeglasses models that are not trendy nor fashionable, but instead pretty basic and immediately connected to a specific role in society or life stage and also that the boldness and cheapness of the decorations on some of the sunglasses decorations were seen as a little passé, if too heavy or loud they suggested a product for the “lower tier cities”, where trends tended to cascade from the bigger cities.

To boost the awareness of the brand the concept changed and to target all different markets and address all the particular types of consumers, at the launch of the “Show your Vogue” platform the brand uses different faces, segmented for geographical area. For the last two years the brand had three global main testimonials: Adriana Lima as the western face, Deepika Padukone the well famous Indian actress was the key figure for Indian market and Liu Shi Shi, a Chinese actress became the face for the Asian geography.

In this way local faces have been a really important element of communication in all markets. Having indeed different platforms and ways to interact with consumers it was very important to target local market with local testimonials and use their presence tailoring the messages to the different audiences always keeping constant the internationality of the brand.

What changed across markets were the different activations for building a longer term emotional connection between the brand and the customers. Markets tried to start to communicate the campaign along various interaction with the consumers on different platforms and making testimonials do a lot of things on social, for example: post pictures, integrate glasses on the platforms and share contents on social networks.

Chinese in particular were more sensitive to this kind of communication, the activity provokes more consumer engagement. It is important to note that the tones of voice in this case were really similar across geographies, because the messages were always

referring to the same target and more in particular to female Millennials, in this sense there was no adaptation to the markets. The only adaptation was on testimonials that were chosen to target specific markets but they were all belonging to the same communication platform with the same tone of voice and feel.

Focusing on the different ways in which Vogue leveraged on its testimonials and in the ways they communicate with users we can note that:

- For the Chinese market Liu Shi Shi was used placing her side by side with other Vogue testimonials, she was the easy access to the brand, as envisaged by younger and less cunning eyeglasses users that identify directly with her. Moreover focusing on treatment she had a different styling and attitude with a multi-faceted personality (intellectual, confident, seductive but in control), she embodied the brand values in a younger and softer way, in particular the “inner substance” an all-inclusive term that means a brand: intellectual in the know, competent but not scholarly boring; passionate in a controlled way; self-assured in the meaning of mature successful; an incredibly aspirational set for everyone thought as what makes someone “cultured”, that draws a woman apart from the “vulgar rich”; fashionable and contemporary.
- For the international markets Adriana Lima perfectly embodied the Vogue values as a premium, international, and glamorous brand. She was the image of the glamorous, international, confident, attractive woman who have presence and demand men’s’ attention. Her image was linked with the sex appeal and vitality.
- Lastly for the Indian market Deepika Padukone was able to transmit all different facets of her personality, she was more a regular girl, sophisticated but sensual, definitely younger and simpler than Adriana Lima, and for these reason perfect for the Indian market.

We can see that all the values the ambassadors transmitted were perfectly tailored to the market in which they were used, highlighting how a brand, keeping constant his heritage, is able to adapt to every market.

App integration under the point of view of the communication

Always focusing on the Vogue case, the last thing I discussed with Mss Jurkonyte was how she sees the all-in one system of app under the point of view of communication.

What we took in consideration in this case was the expression of values through the different platforms we have seen and so: WeChat, Facebook and Instagram.

For Mss Jurkonyte we should see the integration on two levels:

- In the first level we have to take in consideration the integration between communicative feature and purchasing feature: for her in the West an integration could be useful to customers and successful, because the possibility to immediately purchase something will be enjoyed by the market. And also international platforms as Facebook and Instagram are evolving versus the possibility of having new formats much more related to e-commerce. Thinking about the Vogue case, it shows that these formats are already in use, for example while customers watch the video campaign of the collection presentation they could immediately purchase those styles from watching the video with a straight link, this new formats are used on Facebook as well as in Instagram, and they allow users to enjoy the purchasing experience in a much more immediate way. App in general are going to be always more and more integrated especially now that Facebook changed some algorithms making the organic reach (that was already small for the brands and for companies) even more limited. This because the app prefers to give to its audience the contents of its circle of friends, family and of some pages that are closely followed and used for interaction. This makes the space on news feed really limited for branded contents. This doesn't mean that these contents are going to disappear from Facebook but it means that are going to be more and more treated as a sponsored contents. For this reason all the techniques for purchasing are going to become more and more important. In this sense the integration is going to be a part of this process and this doesn't depend on the mentality of Western or Eastern consumers. If we think for example at the Omni channel strategy in general there are already these evidences with the purchase becoming always more and more immediate and the social platforms that are taking advantage of this. But we have also to take in consideration that a platform as WeChat that integrate purchasing and communication is not having a great success in the West and also that the marketplace of Facebook is not having a big success as well as all the techniques adopted by Western platforms such as Instagram that are trying to link

purchasing and communication. This means that the integration is the direction to follow for evolving in the market but it is not something that users asked for. They will appreciate such evolvement but they don't see it as strictly necessary. Moreover social platforms has their strategies for engaging with consumers and for different platforms different things matter in this sense. If we take Instagram as an example, it is a visual platform and users use it for these reasons so if it will have its own marketplace this could be appreciate by users, but this is not the reason why the choose to spend their time on the app.

- In the second level we have to take into account the integration among different communication features, such as messaging and content sharing. Here the integration relates more with the type of market we are taking in consideration: for Mss Jurkonyte from the consumers stand point it is all matter of habits. Western users know Facebook, Instagram and WhatsApp as separated entities, they use one app or another for different scopes and they like to have them as stand-alone app. While the Chinese consumers that can't use such apps as Facebook in their country have never experienced apps as stand-alone entities, they took the WeChat system for granted as the only system established in the market. For them WeChat is enough, even though there are other app with similar functionalities as Instagram or WhatsApp, they grew with an integrated system as WeChat as Western did with Facebook, in this way for them it is useless to try something new being totally satisfied with that system, as for Western may be useless to change for an integrated system. But also here we have to specify that there is already a type of integration taking place in the Western platforms Facebook and Instagram for what concerns the advertised contents. All these types of contents are managed through Facebook, in this way if a company invest on Facebook establishing a budget to invest, the company suggests which contents and platforms perform better with respect of others. In this way the company can decide in which platform direct the budget. This integration mechanism for advertised contents it is really important to underlie because it shows that the two audience of the two different apps are seen as a single audience, allowing to direct the media buying toward one platform and demonstrating again that the integration is the direction that also Western apps are following.

Final consideration

After having investigated the ways in which Vogue communicated with its different audiences in different geographies and on different platforms we can note that the integration of platforms is the path that also Western companies are following. The integration here is not a matter of app integration but a matter of services integration. For Western users having different apps to use for different reasons is more valuable than the comfort to have an all-in app that allow its users to never leave the app. On the other hand, for Chinese users this comfort is really important, not only because they always used this system but also because it is more advanced than the stand-alone system, this emerges in particular with the payment features of WeChat that revolutionized the market. In this sense the integration the Western companies are trying to do will be a service integration more than an app integration. It won't be useful to merge together apps as Facebook and WhatsApp because users use them for specified reasons and they don't want to lose this utility.

3.3.2 Black Friday – Case study 2

In order to understand the different dynamics behind all the different payment methods, I interviewed an employer of Luxottica company that works in the e-commerce department. We took as case study the Black Friday where many people used the e-commerce platforms of the company for making purchases.

In this empirical part the aim is to investigate how the payment practices differ with the use of different payment methods. The methods I will take in consideration will be: WeChat Pay, PayPal and debit or credit cards. In this case I will not take in consideration the use of cash, because firstly it does not apply to the matter of the interview and secondly the aforementioned payment methods are considered to be enough for studying the questions posed in my study about the possible application of an integrated system of app in the Western society.

Introducing the person that I have interviewed, Louise Delamalle is a 24 years old employer at Luxottica, where she works in e-commerce as operations and custom analyst for all the websites of the company, in particular Ray-ban.com, Oakley.com, Persol.com and Vogue.com. Her job consists in analysing and monitoring: order flows, payments dynamics and performance at both Website and Brand level. She is also in charge for setting up online promotions, for product qualification and geographical expansion.

Working across all geographies she got an in-depth understanding of all the different dynamics underpinning purchasing decision in all the countries in which she operates. In particular her reference areas are: US, Europe and Asia.

As I already stated she works for Luxottica, Luxottica in the last years moves heavily on the e-commerce channel, where it distributes its products through its official website Glasses.com, its branded websites as Persol.com, Ray-ban.com, Oakley.com and Vogue.com and also through its owned retailers websites: Sunglasshut.com, Lenscrafters.com, Target.com and OPSM.com.

In this way the company can be considered as one of the biggest Italian companies that use the e-commerce channel, and can be seen as a really interesting entity to investigate.

The phenomena that I will study and that will help me to have an in-depth understanding of the principal ways in which people buy online using different payment methods is the Black Friday.

The black Friday is the most important moment of the year for many companies and for Luxottica in particular. It is really important for all retail companies because it is able to bring relevant incomes, allowing companies to sell a really huge amount of products in a really short period of time.

The concept of the black Friday was born in US in the 80's, historically it represents the beginning of Christmas shopping season, it is the day after Thanksgiving Day, the fourth Thursday of November. From a commercial point of view, the Black Friday was created to sell the remaining stock of products of companies before to start selling the Christmas stock, for this reason there are huge discounts applied of products, discounts that can reach the 70-80% of original price.

As I already said it was born in America but it was quickly adopted in almost every country, where most major retailers offer promotional sales. We have to specify that although it is used worldwide, its effect is not the same as in US, for Americans indeed it is like an obsession: retailers open as early as overnight hours and customers are used to camp outside stores creating massive lines at the entry, the huge amount of people within stores led to many safety risks and sometimes to injuries and deaths. In other countries Black Friday creates safety risks and problems but not as much as in US where customers have a higher sensibility to purchase when discounts are applied.

The Black Friday discounts are applied both off line and online, this practice perfectly fits with e-commerce, where, as we have seen previously, customers see offers and discounts as one of the most important factors for purchasing.

For Luxottica the Black Friday is one of the principal moment for gaining relevant incomes, in particular Luxottica applies discounts from 30 to 50% on almost all of its products and only in the e-commerce channel, it applies those discounts in all its property websites: Ray-ban.com, Oakley.com, Sunglasshut.com, Contantsdirect.com, Targetoptical.com, Lenscrafters.com and Sunglasses.com.

Macro-differences between Western and Chinese consumers on Black Friday

The first think I would like to investigate at this point are the differences between Western and Chinese customers on how they perceive the Black Friday.

For Europeans and Americans the Black Friday is a moment in which they are forced to buy by the opportunity to get goods at discounted prices, in this way we can see that the price sensibility is really high. Chinese, on the other hand, don't feel such "pressure" for buying, they have different factors that force them to purchase, in particular they feel the necessity to buy goods when: they friend have these goods, the local stars and influencers advertise particular products. Mss Delamalle admitted that "before to buy Chinese people go always in WeChat, look up for reviews and recommendations of the products and then decide whether to buy or not", they do so because WeChat gives them the possibility to know better the products and eventually to buy it, without never leaving the app.

For Chinese customers another important leverage for making purchasing decision is the quality of the products and its reliability, they want to be sure that the product they are buying has a good quality and they will not regret the purchase. For this reason before to buy they want to know everything about the product and to gain these information they strongly rely on recommendations either form people they know or from people they consider experts.

In this way the impact of the Black Friday is really different across these two geographies, in the words of Mss Delamalle the incomes deriving from the Black Friday in the West (and in particular in North America) can account for the 30 % of the annual income, while in China it can accounts in the best scenario for the 5%.

Getting back to the information seeking we can observe how this is a really important practice for Chinese customers also on the case of the Black Friday: they don't buy products if they are not sure and confident that the quality is really high and this is one of the reason why it was so hard to sell online although e-commerce it is widespread in China. Clarifying this case we can note that the point is that Chinese need to trust sellers, if they do so they will buy otherwise they will not. WeChat here is seen as a trustful place to buy, if a company decide to use it for selling it will be trusted otherwise if it uses its own website, that can be not well known, this can cause uncertainty in the mind of

Chinese customers. This is the reason why WeChat is adopted by many companies for selling products through the online “shopping shops”.

Shopping shops are considered as an e-commerce place within another e-commerce, they are official branded online stores inside another e-commerce site or app, in this case WeChat. These shops are used inside WeChat for being trusted by customers, in this way the confidence of the purchase goes from WeChat to the shopping shop inside it.

Shopping shops are used a lot in China and in Asia in general not only with WeChat, but also with many other websites or app because in China there is a big problem with fake products and fake websites that try to sell counterfeit goods to customers. In this way be trusted become a necessity in this market.

Another example is the website Lazada.com, the number one online shopping in Southeast Asia, which offers the widest range of products for every category. Lazada uses the same business model, integrating other brand’s shop in its platform. Another really famous Chinese website that adopt this business model is Tmall: one of the most used platforms for purchasing online in China. Both of these websites are used by Luxottica for selling its products.

How different payment methods impacted on purchasing decision

With regard of the Black Friday we can note that the different methods of payments have an impact on purchases. In particular we can see that the quicker a payment method is the more it is used for purchasing. This refers to all markets but especially in China where customers are more open to use different payment methods. Taking in consideration the example of the Black Friday we can see that Chinese customers use different payment methods, while in the West the most used are PayPal or credit card for online purchases. This is the case of WeChat where users make payments charging money on the app for paying products or transferring money.

The problem that Luxottica had in this case was the settlement of the money, because the payment done with WeChat is more problematic. WeChat indeed pays for the customer in this case, but if the customer is insolvent the company can’t track the customer back. The implications in this case are two: not only orders can be delayed because Luxottica has to evaluate frauds and this for payments systems as WeChat takes time, but also it is more difficult to track back customers and proof the settlement. Many

checks has to be done in this sense by the company in the case of a huge amount of purchases made by the same person. Many times indeed hackers or people with fraudulent intentions could buy more products in order to resell them lately with a higher price.

The same problem applies to PayPal because the payment systems are the same. But there are also pros with these payment systems: PayPal or WeChat are guarantors in case of a missed payments. The company in this case can't track the person who made the purchase but can collect the payment with PayPal or WeChat.

But we have also to take in consideration the standpoint of customers, for them PayPal or WeChat are preferred as payment methods because they are quicker and easier than credit cards. For paying they have just to scan a QR code or select the payment within the app without inserting pin as in the case of credit cards. But they can incur in delay for receiving the products because, as in the case of Luxottica, for particular types of purchases the company has to verify the purchase and check that it is correct and not done with fraudulent intentions.

Credit cards, on the other hand, are preferred systems for companies. With credit cards they can identify frauds faster tracking the customers immediately and taking the data of the customers from banks databases. With credit cards than the amount that the customers pays is blocked for 21 days, in this way companies can be sure that the payment will be done otherwise they can know the identity of the customers and ask the bank to intervene.

In this case customers are more reluctant to use this payment system, firstly because they can pay for security services higher fees than with PayPal, and secondly because the payment, for being sure, can be slower and more complicated: banks indeed for secure payments by customers often request to insert for every purchase the card number and all related data, than for particular purchases they can ask for additional checks (as insert a token code or verify the person of the payment through a call to the bank).

We can see in this case that PayPal and WeChat are really similar payment systems and that they are preferred by customers in comparison with credit cards, analysing the Black Friday case in Luxottica we can see that there is a totally different perspective

from the standpoint of the company and the standpoint of customers. In particular the easiness of payment related with PayPal and WeChat Pay for customers leads to big difficulties from the standpoint of the company.

Moving ahead and taking in consideration just WeChat Pay and PayPal we can note that the main strength of the first one is the integration of all the other features described in the application break down. While PayPal it is just an intermediary for payments, WeChat is an app that offers different services to its customers. Keeping an eye on the cultural particularities of the Chinese market we can understand the success of WeChat: customers that seek information or look for inspiration for buying products have just to switch function and make the purchase while if they have to pay with PayPal they could not do such a thing. Moreover WeChat has another function not mentioned before that perfectly fits with Chinese needs: Click and Collect. With click and collect customers can buy online and collect products in store, in this way they avoid the risk of quality, because they can check the quality in store before making the final decision if buy or not the products. For products such as frames and sunglasses in general where the perceived risk is higher, this function was really used by Chinese customers. Many of them indeed were convinced to buy this particular product by their friends or movie stars that were wearing it, but when they finally tried the product they understood that it would not fit their expectations. This problem is widespread among the Chinese audience because their particular type of nose could make glasses not fit their faces, Luxottica and other eyewear companies that operates in China design particular types of frames for this market, making different types of nose pads able to fit the faces of Chinese people.

How an integrated system of app could impact on Western customers

Always taking as a reference the Black Friday we can see how the ways for purchasing on WeChat differ in comparison with other marketplaces. In particular the first marketplace we took in consideration was Facebook. Following the experience of Mss Delamalle we can note that Facebook's marketplace is really limited because on this platform customers can buy products only through Facebook and not through third parties as WeChat, this means that in this case there are no branded shops inside the app and so there is not a real link between the companies and the final customers. Facebook's marketplace in this sense is a good opportunity for selling and buying among

private entities but it is not used by companies as Luxottica, while WeChat is not only used by companies but it is a basic requirement for entering the Chinese market.

But even though Facebook would be able to integrate third parties developing a shopping shop system within its marketplace and thus integrating another function in its app, the chances for succeeding will be limited.

In this way, when Mss Delamalle was asked about the chances of success of a system as WeChat in the West she said that from her experience this system couldn't work. In her opinion Western customers could enjoy the comfort to have an integrated system that allows them to know more about a brand and eventually make a purchase but this is not something that the Western market needs. This recall for the characteristics of the Western customers: they tend to be more individualistic, this means that they don't care that much about recommendations and reviews from peers as their Chinese counterparts, in this way they don't need a straight link between those recommendations and the market place. We have already saw that Chinese needs to feel part of a group, they are more collectivistic and in this sense they are forced to buy by others people within their group. Western customers, on the other hand, care less about being part of a group, they buy what they like no matter if it is something that the other people in their group possess or not, they base their purchase decision on other factors, for example the price. In this sense they prefer to buy directly on the official website of the brand (or be redirected to it with a link) in order to gain a discount. The Western customers don't need to trust the website, because they feel confident and they trust websites and brands, there is no problems with fake products in the West. We can see that they don't need an intermediary (as WeChat) for trusting the quality of the products and the veracity of the website, they know that specified domains for websites are registered and in this way they see those websites as reliable.

Another problem with Western customers that could make an integrated system app not work is the uncertainty related with credit card data and data in general. It is indeed true that they are more inclined to trust websites but they are less confident to share data. In this sense they prefer to make purchase on a website and register their data on that website, but they feel unsecure to share data among different app when it is not needed (different app such as an intermediary app like WeChat). In this context a system as PayPal results to be successful because it doesn't spread customers' info to other

parties: users register inside PayPal than PayPal makes the payment to the third party without giving the information of the customer, then, finally, customers pay PayPal.

The difference here between an integrated system as WeChat and PayPal is that PayPal is just a payment system while WeChat is an app where everything is linked meaning that third parties inside the app can gain information of customers. This because customers as well as companies are registered inside the app and the app in this way has all the relevant information from both sides.

All these reasons can show us why integrated system app as WeChat could not work as well as in China in the Western countries, and this can actually explain why it is not working although WeChat is available for downloading in almost every Western country.

Final consideration

After having studied how different payment methods impacted the Black Friday and especially how an integrated system of app could have impacted the way customers purchase during the Black Friday, I would like to draw some consideration.

Firstly we can note how the cultural differences have always an impact on the phenomena investigated, in particular the differences in the individualistic spirit on Western and in the collectivistic one of Chinese. The cultural consideration I already mentioned in the previous part of my dissertation are always considered at the base of all investigations done. They are the fundamental for understanding whether or not an integrated system of app would work in the West.

Secondly, although the Black Friday is just an example from which we can infer only in a limited way if the integrated system of app could work in the West or not, it is emblematic that in light of this activity we can see that many evidences lead us to believe that it wouldn't work.

Finally, as we have seen previously, WeChat integrate many services and functions and the possibility to make purchase and buy within the app is just one of them. This means that even if we have shown that this feature is not considered to be a need for Western customers, the integration of other services could be seen as useful in some ways.

Conclusions

Along my dissertation I get through all the different aspects involved in the ways the two different types of Millennials communicate and purchase, moreover I analysed how these pattern impact on the two different mobile applications system, respectively: the stand-alone app system and the integrated app system. I did so both under a theoretical and an empirical point of view, and, at this point is time to draw some conclusions.

We can start looking at all the different factors that have an impact on the two systems:

Firstly the different cultural background of the types of Millennials. This factor indeed is able to influence the adoption of the two systems relatively in the two different cultures. From a communicative point of view Millennials tend to adopt a communicative system that perfectly fits with the systems they are adopting: for Chinese an integrated system allow them to be more comfortable with this system in the sense that they don't need many ways to express as Western. Western Millennials, from their standpoint are more expressive and have a bigger sense of "showing-up", in this sense they need different application where they can express themselves in a way or another. Facebook allows them to express their feelings posting contents with their circle of friends, while WhatsApp allows to interact in a more direct way and Instagram is able to make them catch up with celebrities and feel as a part of their life. It looks obvious that the point here is that grouping all the different Western mobile applications, Millennials can enjoy more functionalities and so they can express themselves in many different ways. The collectivistic nature of Chinese instead allow them to express themselves in enough ways through WeChat.

From the point of view of purchasing Western prefer to keep separated apps that allow them to pay. This recall for what already expressed: in the Western world every application has its own reason to exist and users want to use it for that reason. In the Chinese culture this looks a non-sense because the comfort for buying different products and services for them is of paramount importance.

Secondly, another important factor to take in consideration is the point of view of the companies behind the applications. If a company as Facebook want to keep separated all the functionalities of apps and prefer to buy other apps (as Instagram and WhatsApp) able to give to customers those functionalities in different ways, customers can only

adhere to this system. We have already seen from empirical evidences that one of the reasons why WeChat is not having a relevant success in the Western world is that Western users always used all the different features of this app in other apps separately. It is hard to change this system now because Western users will not give up all the functionalities related with the single app.

Concluding I think that, even though Western apps are moving toward the integration, this integration will be just an integration of services, in the sense that the apps will always remain separated but audiences and the ways to target them will be unified.

The different cultural and technological background of the two different types of Millennials will always impact on the ways in which they use mobile applications and so how they communicate and purchase. A highly integrated mobile application will never have success in the West, the proof is the small adoption of WeChat, and, on the other side for Chinese stand-alone system mobile applications will never replicate the success of an integrated-system app as WeChat.

Bibliography

Accenture, "Customer Journeys of the Millennials and Gen Z", Accenture Consulting, 2016.

Accenture, "The Edge of a New Frontier", Accenture Consulting, 2016.

Accenture, "WeChat | capabilities & opportunities", Accenture Consulting, 2016.

Anderson Monica and Smith Aaron, "Online Shopping and E-commerce" Pew Research Center, 2016.

Baird Derek E., "Jumping the boundaries of corporate IT", Accenture, 2010

Berger Paul D. & Kontsevaia Diana B., "Mobile Marketing in China: Can WeChat Turn Their New Advertising Strategy into a Sustainable Advantage?", International Journal of Marketing Studies, 2016.

Cao Yang, Lien Che Hui, "Examining WeChat users' motivations, trust, attitudes, and positive

word-of-mouth: Evidence from China", Elsevier, 2014.

Chan Tzeh Chyi, Chen Xuyu, Ying Ding "Winning the hearts of the Chinese consumers", Accenture Consulting, 2013.

Chen Sixing, Li Bin Yang & Shuai Yang, "The Role of Business and Friendships on WeChat Business: An Emerging Business Model in China", Journal of Global Marketing, 2016.

Cheng Micheal, "eCommerce in China – the future is already here", Total Retail Survey, PwC, 2017.

Graf Nikki, "Today's young workers are more likely than ever to have a bachelor's degree", Pew Research Center, 2017.

De Mooij Marieke, "Introduction to Chinese Communication Theory and Practice", edited by Hinener Michael B. and Lang Peter, "Chinese Culture in a Cross-Cultural Comparison" Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

Decker Leine, Fromm Jeff & Lindell Celeste, "AMERICAN MILLENNIALS, Deciphering the Enigma Generation", Barkley with The Boston Consulting Group and Service Management Group, Kansas City, 2011.

Delamalle Louise, interview.

Fung Business Intelligence, "Understanding China's new consuming class- the millennials", Asia Distribution and Retail, 2017.

Hall Edward, "Beyond Culture", AE American Ethnologist, 1977

Jurkonyte Marja, interview.

Lu Joshua, Yiu Anita, "The Asian Consumer, Chinese Millennials", Goldman Sachs, 2015.

McDaniel Edwin R., "The People's Republic of China: Historical Development, Cultural Legacy, and Contemporaneity", edited by Hinener Michael B. and Lang Peter, "Chinese Culture in a Cross-Cultural Comparison" Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

Shapero Morris A., "Introduction to Managing China's Millennials: Considerations for Multinationals", edited by Hinener Michael B. and Lang Peter, "Chinese Culture in a Cross-Cultural Comparison" Series: Freiburger Beiträge zur interkulturellen und Wirtschaftskommunikation, 2014.

Webliography

dmb-shangai.com

www.businessinsider.com

www.chinatourmap.com

www.clickz.com

www.comscore.com

www.deloitte.com

www.domo.com

www.dosmagazine.com

www.expedia.com

www.fastcompany.com

www.forbes.com

www.gallup.com

www.golmansachs.com

www.huffingtonpost.com

www.investopedia.com

www.ipsos.com

www.jpmorganchase.com

www.newscred.com

www.nielsen.com

www.o2.com

www.parklu.com

www.paymentwall.com

www.payr.global

www.pfsweb.com

www.pwc.com

www.skift.com

www.statista.com

www.whatsapp.com

www.wikipedia.com