W201 Final Project

Social Commerce: Engaging with Gen Z
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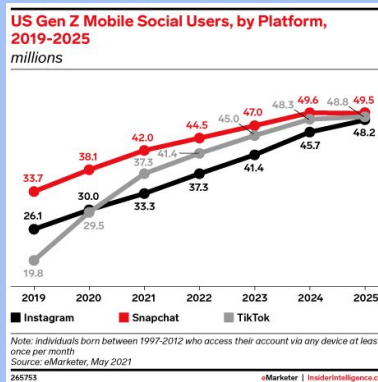Team 1 (Team Colella): Social Commerce: Engaging with Gen Z

Presentation Link:
https://zoom.us/rec/play/HvuZhgK3GVsR57qBkoS6MwXvuAm5N5E7WnoDmN9X
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Target Audience: Retail company executives looking for how to reach Gen Z with their product online

Thank you for joining us today for our presentation on the evolution of social commerce and strategies for engaging with Gen Z. The target audience for this presentation is retail company executives looking for how to reach Gen Z with their product online.

Who are Gen Z?

US Gen Z Mobile Social Users, by Platform, 2019-2025
millions

Instagram: 26.1, 30.0, 33.3, 37.3, 41.4, 45.7, 48.2
Snapchat: 33.7, 38.1, 42.0, 44.5, 47.0, 49.6, 49.5
TikTok: 19.8, 29.5, 37.3, 41.4, 45.0, 48.3, 48.8

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |

■ Instagram   ■ Snapchat   ■ TikTok

Note: individuals born between 1997-2012 who access their account via any device at least once per month
Source: eMarketer, May 2021

265753   eMarketer | InsiderIntelligence.com

Over the past two years, we have been battling a devastating COVID-19 pandemic. A lot has changed since we entered this pandemic world, especially our shopping habits. Due to lockdown protocols during the pandemic, customers were unable to shop in stores and we saw an rise in eCommerce. While we slowly recover from the pandemic, it appears online shopping is still a preferred method for many consumers, especially Generation Z, or Gen Z for short.

Gen Z describes the generation born between 1997-2012. What makes Gen Z so unique is that they are born into a digital age. This digitally native generation of consumers has never known a world before smartphones and social media. Over 98% of Gen Z owns a smartphone and averages over 4hrs per day on their apps, including social media. The 3 most popular social media platforms for Gen Z are Instagram, Snapchat and TikTok, each averaging over 30 million monthly Gen Z users.

Given Gen Z's fondness for social media platforms, brands have started to produce social media content in an effort to attract new Gen Z consumers. Creating content which is attractive to Gen Z is certainly a challenge. Gen Z is a generation driven by social and environmental responsibility, and seeks brands which align with their interests and beliefs. This generation of consumers want to support businesses that make a positive impact on society. Furthermore, reaching Gen Z can be challenging due to their short attention spans, which is estimated to be approximately 8 seconds.

Producing this social media content is important for brands, as Gen Z has begun to

use social media as their main source of brand research, with about 97% of Gen Z consumers claiming to use social media as their top source of shopping inspiration.

Old Marketing Techniques are becoming Outdated

While the rise of a digitally native generation may not seem like a big deal to many, it has begun a paradigm shift in product marketing landscape. Marketing strategies used for past generations (like commercials and printed ads) are becoming outdated as Gen Z is using social media to drive their consumer decisions. Gen Z accounts for about 40% of all consumers in the United States, which equals an estimated buying power of $143 Billion.

With this in mind, it is important for brands to revolutionize their marketing strategies in order to have a bigger presence on social media and engage the Gen Z consumer. While prior work has shown that Gen Z consumers prefer video content when making shopping choices, the best delivery method of this video content has not been investigated.

In this work, we outline a research study to understand which video delivery methods (i.e. story, post, live video) increases brand engagement with Gen Z users. This research is meaningful because it can shed light on social media marketing strategies which can increase Gen Z engagement with a brand, and hopefully increase sales amongst a new and growing generation of consumers. Due to Gen Z's perceived loyalty to brands, if you can win them over early, you may be able to keep their business for years to come.

Can New Social Media Video Posts Increase Engagement with Gen Z?
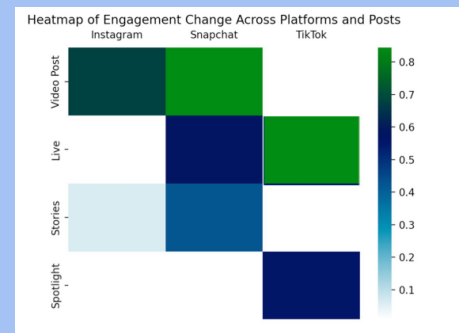
Our main research question is "Can new, Gen-Z tailored, social media video posts increase brand engagement with Gen Z? The goal of this research study is to understand the effect of new Gen Z targeted video content on Gen Z consumer engagement with a brand.

This overarching research question is followed by several sub-questions, where we will investigate what type of video content (like live videos, video posts, or stories) and which social media platform led to increased engagement amongst Gen Z consumers.

We also want to understand if the changes in engagement are different between demographic groups, and what type of active engagement (likes, shares, comments) is most common amongst Gen Z consumers.

On a higher level, we are also interested in learning what determines a Gen Z consumer's perception of brand value, which we hope to understand through interviews.

Data will be collected from our client's social media accounts and sales records

Social Media Profile and Engagement Data

Client Sales Records

For this project, we'll need the companies social media engagement metrics, sales records, and public social media profile information of your customers or followers.

We will track user's active engagements through the company social media accounts. Active engagements are those where content is generated by users, and is publicly available to others on the platform, such as comments, likes, or shares. We consider active engagements because we can use them to identify users. Metrics like impressions or views won't be considered because of issues in mapping them to the individual users in our sample.

From the social media accounts of the company's followers or customers, we will collect their age, gender, and location. This information will be used to identify is users meet the inclusion criteria for our study, and to split users evenly into control and treatment groups.

The company's sales records will be used to select the sub-set of users for the qualitative portion of the study that follows the A/B test.

Ahead of the study, we will arrange to collect the required consent from users that fall within our eligibility criteria. Consent will be acquired through the company's regular channels of communication with their customer base or followers (e.g. a mailing list,

social channels, or their website).

Sample
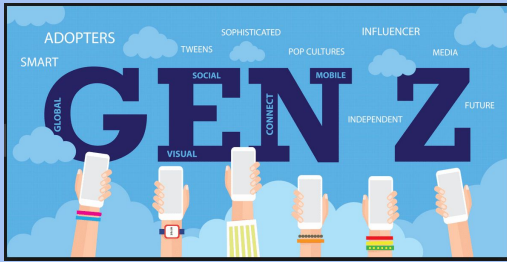
For this research, our population of interest is Gen Z social media users. Our sampling frame is a list of users that are provided by our client for various social media platforms. We will filter our sample to only include Gen Z users of ages between 13-24 (13 is the Internet's age of adulthood) and only Gen Z users that reside in the US. We want our sample to represent the entire population of US Gen Z users as much as possible. Therefore, when determining our sample population size, we want to set a margin of error of 5% and a confidence level of 95% for our research. This gives us a sample size of about 400 users per platform. We will consent 20% more than this sample size to account for attrition and to meet our demographic thresholds determined in our stratified sampling results.

Study Design
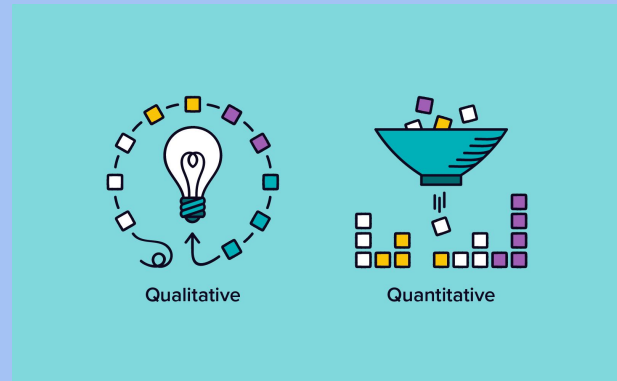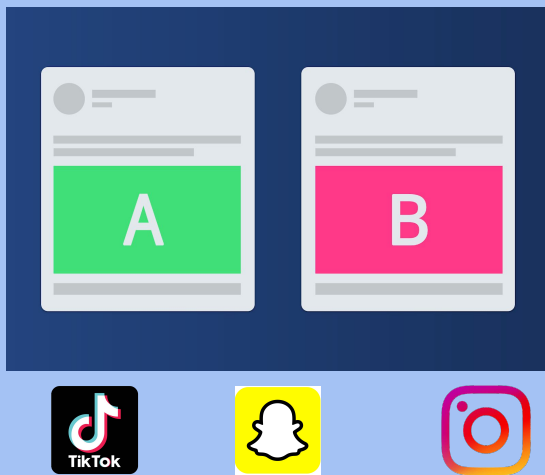
We will conduct a controlled experiment using A/B testing to identify the type of content that increases Gen Z engagement with our client's brand within each social platform. This will include a two-phase explanatory sequential approach of collecting our brand's qualitative and quantitative data from the largest platforms Gen Z is using: Instagram, Snapchat, and TikTok. We will first focus on Quantitative data where we will begin with running the A/B tests and checking for differences in engagement and sales data. Then, we will begin our qualitative portion of conducting surveys, using the sales data collected to identify our sample. Users we are analyzing are those who have had active engagement with the brand in the past 6 months.

Our control groups will all receive the same type of content and delivery within each platform The treatment group will receive the same video content on each platform as well but with a different delivery of the product.

We will use proportional stratified sampling to choose our treatment and control groups. This allows us to make sure each age group is represented within the whole sample population. To do this, we will divide our sample of Gen Z users by age. Then, to stratify our sample we will randomly select proportional amounts of users from each group. This allows us to make sure each age group is represented within the whole sample population.

For the qualitative portion, we will conduct semi-structured interviews with Gen Z users, selecting from our initial sample groups that have, and have not purchased from our client's brand. The structured portion of the interview will seek to assess the

Gen Z user's brand experience, brand affect, brand trust, and brand-image congruence. As Gen Z users exhibit different behaviors to previous generations, the unstructured portion of the interviews will seek to understand how they form their brand perceptions.

Engagement will be measured as the total number of likes, shares, comments and subscriptions generated per post
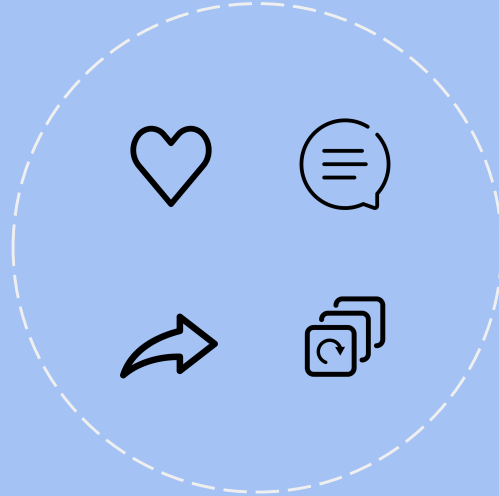
For each platform, we will compare the engagement metrics of users in our control and intervention groups.

We will operationalize the concept of engagement as the number of likes, shares, comments, and subscriptions (on snapchat) generated by each post, by users in out selected sample.

Our primary focus will be the total number of engagement points generated on each variant of the company posts.

Our secondary measurement will be on the number of users within our sample that engaged with the post.

Across both, control and intervention groups, other factors will be kept constant, including:
- The video content of the posts
- The duration of the video posts
- The budget allocated to each sponsored post (for the control and experimental)
- The dates through which both ad-sets will be run
- The region where the ads will be deployed (within the US only, will be determined by company's user base - targeting region will be identical for both

- control and experimental groups)
- The proportion of sampled users in each age group (within the broader Gen-Z category)
- The gender distribution of users in both groups (control and experiment)

Statistical significance will be assess with a two-tailed alternative hypothesis test

H_0

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$\neq$

H_a

H_a is more probable

0
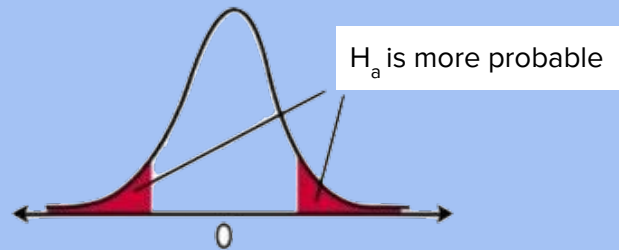
$$\text{Engagement} = \beta_1 \text{ Post type} + \beta_2 \text{ User Gender} + \beta_3 \text{ User Age} + \beta_4 \text{ User Location} + \beta_n \ldots + \varepsilon$$

We will measure the statistical significance of our findings by calculating p-values. Our null hypothesis will be that the type of post doesn't make a difference in the number of engagements generated. Because we don't have strong opinions ahead of the study as to whether the treatment will increase or decrease engagement, our alternative hypothesis will be non-directional and we'll run a two-tailed test.

Depending on the number of data-points collected, we will calculate our p-values with Fisher's exact test or Pearson's Chi-Squared test. Fisher's Exact test will be more suitable for a smaller data-sets, whereas Pearson's Chi-Squared test will be preferred if we have a larger number of data points. A statistician will be consulted to ensure best practices are followed with the collected data.

There are many other factors that we collect that may impact engagement, aside from the type of post, such as the age, gender, or region of the users in our sample. There are also factors that impact our results that will be difficult to measure, such as an individual user's propensity to engage with a post, or how frequently an individual uses social media. To identify how much of the observed difference in engagement can be attributed to the type of post, we will attempt to calculate a relative weight for each factor using the Weighted Least Squares Method. The factors that we can't measure will be attributed to an error term.

Potential Risk

There are several potential risks that we've identified and will attempt to mitigate in our research study.

The most pressing is the privacy of our participants. We will ensure that the data collected follows the social media platform's privacy agreement, and, as mentioned will be choosing our participants on a volunteer basis. We are also aware that we are sampling a population that ranges in age from 13-24, and although 13 is considered to be an adult by internet standards, we want to ensure that we keep our research question in mind, that is, to observe engagement and not not to necessarily sell product to consumers.

We also acknowledge that there may be an incentive-caused bias introduced, as not all participants will see the 15% off coupon with the same level of incentive, for example, a 14 year old high school freshman may be more likely to take the discount code as an incentive compared to a 24 year old professional with more passive income. We hope to add extra incentive to all participants by marketing our qualitative research as a way to improve the brand and serve the consumer.

In order to ensure we interpret our results regarding engagement metrics on the same scale when comparing platforms we decided to focus on the change in percentage in engagement before and after treatment as a metric to recommend one platform over another. This will improve the internal validity of our study, as comparing raw metrics cross-platform would lead us to misinterpret our statistical tests.

Algorithms are also inherently biased, and we will ensure that we take that into account and notice if certain participants that were supposed to receive the treatment did not. This could be because the algorithms on that platform pushed that video too far out for that participant to see.

Finally, we will be careful in how we interpret our results as our sample consists of current customers of our client, meaning claims cannot be generalized to the entire Gen Z population unless we are able to push this research further and collect a more random sample.

Deliverables

The final deliverable of this research would be a presentation to our retail partner that would include a discussion of our findings while incorporating a smartphone screen demonstration on how Gen Z users interact with our client's highest engagement vs. lowest engagement posts.

Example feedback would be: *Posting an advertisement as an Instagram story vs a post on your Instagram feed increases engagement by 20%*

We would also provide a list of recommendations in the form of actionable insights from our research findings.

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