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Collaborative purchasing platforms for e-tailing: Evidence from Chinese Millenials and Gen Zers during COVID-19 lockdowns

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Extended Abstract

The unprecedented situation caused by COVID-19 lockdowns in every aspect of individuals' lives, severely affected consumption channels and behavioral patterns in search of ways to serve basic needs but also support the quality life standards people have been used to live with (Pantano and Stylos, 2020). Digital platforms played a crucial role in mitigating the repercussions of COVID-19 pandemic, including keeping human communications alive. The value of collaborative action seems to be critical in alleviating the consequences of lockdowns in consumers' lives.

Social commerce has been growing, and customers' inclination to actively participate in collaborative purchasing through online interaction has been developing fast in the last decade, by using Industry 4.0 apps (Oztemel & Gursev, 2020). Consumers who live in the same residential community have been utilizing social networking sites to form online shopping communities, where they share information and connect with each other to acquire products. This community-purchase type of model has enabled consumers, including the Chinese ones, to obtain necessities without going out of their community residences during the COVID-19 pandemic period, which increased the feeling of safety in acquiring goods.

In addition, e-tailers who have established close collaboration with their suppliers benefit as well, by developing agile and responsive supply systems to better serve their customers when confronted with the public health crisis. The integration with suppliers is especially important for fast evolving industries (Cichosz et al., 2020), such as e-tailing.

We have investigated the influence of digital technologies in shaping the retail ecosystem reality during the lockdowns, as seen through the eyes of Gen Y and Z Chinese consumers. The urban urban millennials and Generation Z segments, together represent the most vibrant part of the Chinese consumer market, as their attitudes towards digitalization, shopping and lifestyle cultures are greatly contributing to the growth of the relevant sectors (Euromonitor International, 2020). There are certain gaps in knowledge regarding how consumers interact with digital collaborative purchasing platforms, the formation of online purchasing groups, and the role of communities. The main aim of this study is to address these gaps in knowledge by answering the following research question:

RQ: Why and how do individuals use collaborative purchasing platforms to adapt to the unprecedented situation caused by COVID-19 lockdowns?

A qualitative empirical research has been conducted through an inductive investigative approach. Thus, empirical resources were collected, seeking an in-depth understanding of the stated research topic. In practice, this has been pursued via a thematic analysis, with codes emerging from the interviews' content. This led to obtaining new insights through coding of collected data, which established the themes and contextualized the findings.

To conduct the primary field research study and recruit a suitable group of field respondents, purposive sampling via an online platform was applied with a focus on consumers of Generations Y and Z living in Chinese metropolitan areas impacted by the COVID-19 crisis. Hence, the final sample size was formed based on data saturation, and the field study yielded 31 transcribed interviews originating from 13 Chinese cities (with representation from all three tiers).

Data analysis took place in three phases, with phase 1 involving familiarization with the research data and actively reading the interview content to synthesize initial ideas into themes. Then, coding via Nvivo was involved in phase 2, to add on the themes defined in phase one and produce a robust set of overarching dimensions. Phase 3 reviewed the themes and proposed dimensions.

Our outputs indicate that digital platforms have allowed the new community group-purchasing model to shape and develop. Different from e-commerce based on virtual networks, which originate completely from virtual communities comprised of Web users, the community group purchasing model is social commerce based on physical social networks, communicating via online media platforms. Specifically, residents who live in the same residential community interact with each other online and form one or more purchasing groups using mobile apps such as WeChat. This model involves transactions by community residents, which can be B2C (local stores to community residents) and C2C (community residents to other residents). It is a new business trend emerging in China as part of Industry 4.0 apps, and collaborative platforms in particular (Xu et al., 2018). Some excerpts emerging from the interviews demonstrate these points on their purchasing experiences:

"*A WeChat group has been formed by the local community where I live in. Some residents in the same community have contact with local farmers, who arrange the respective logistics.*" (Interviewee 20);

"*The residents of our community have formed a WeChat group. The sellers are grocery stores of the local area. We place orders via the group chat by informing sellers what we need. Then we pay the bill via WeChat Pay. Products can be delivered even within 2 hours from setting the orders.*" (Interviewee 26).

It is evident from our findings that the COVID-19 outbreak has been a catalyst for the digital transformation of retailers and consumers' engagement with innovative means of purchasing models. This situation calls retailers to budget over investments in digital innovations (e.g., AI applications), and leverage them to offer enhanced value for consumers, through timely and safe deliveries, real-time information and secure online transactions. In addition, given consumer engagement with the collaborative platforms, retailers should adjust to new business models, such as the emerging community group-purchasing model indicated by several interviewees.

All in all, in light of the dramatic changes an epidemic crisis may bring, collaborative platforms can provide a full aspect of new developments in the retail service chain. As group purchasing has greatly increased during the COVID-19 pandemic, it is of certain interest to

gain in-depth insights to this means of processing retail.

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