Building Relations with Generation Z as a Challenge for Social Customer Relationship Management Faced by Modern Enterprises -A Case of Generation Z Students

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Abstract— The Internet and access to numerous modern technological tools make it easier for modern enterprises to operate on the market, yet create ever more difficult conditions for being competitive. Competition is increasing very fast - it is currently at a mouse-click; the amount of time taken to make decisions is dramatically shrinking, enterprises' advertising and promotional campaigns are less and less effective, and the costs of attracting and retaining customers are rising. As customers' loyalty is decreasing and their awareness and expectations are increasing fast, it seems that the right solution for enterprises is to focus on building long-term relations with their customers. Such a possibility is offered by the concept of Social Customer Relationship Management (SCRM), which enables companies to develop two-way communication with customers through social media. In order to develop communication, enterprises need to find out as much as possible about their current/future interlocutor, i.e. their potential customer. There is extensive knowledge about the expectations and characteristics of social media activity of representatives of Silent Generation, the Baby Boomers, Generation X and Generation Y/Millennials. In contrast, Generation Z, i.e. people born in 1995 or later, who are currently entering the labor market, is the least explored generation. This group differs significantly from the representatives of the previous generations, which may be due to the fact that its representatives were born into the digital world and do not know other reality. The aim of the paper is to indicate the characteristics of social media activity of representatives of generation Z as a basis for building relations and gaining advantages by enterprises. This aim has been achieved by presenting part of the findings of a study conducted among students of the Management Faculty of the Czestochowa University of Technology in the third quarter of 2018.

Keywords— Generation Z, CRM, Social CRM, building lasting relations with clients

1. Introduction

In the age of the Internet and the quickly changing economic reality, the concept "typical customer" no longer exists [8]. Enterprises' earlier focus on selling the biggest possible number of products without identifying their purchasers is being replaced by customer-orientation. Enterprises that want to maintain competitive advantage on the market - which today is at a mouse-click - should identify and meet ever new customer needs on an ongoing basis [21]. Modern enterprises should strive to build long-term relations with customers and realize that losing any of them is very costly [13]. That is why for over thirty years theoreticians and practitioners have demonstrated a huge interest in the concept of Customer Relationship Management (CRM), which emphasizes that an enterprise needs an appropriate approach to building relations with customers. Given, on the one hand, increasing competition, decreasing effectiveness of advertising and promotional campaigns conducted by enterprises, rising costs of attracting and retaining customers, and, on the other hand, customers' decreasing loyalty yet growing awareness and requirements towards enterprises, it seems that enterprises should focus their attention on building lasting relations with customers as a desirable direction of their current and future activities. People born in 1995 or later, referred to as generation Z, are currently entering the labor market. Born into the digital world, they constitute a completely different group of consumers than the already explored representatives of the previous generations, e.g. X or Y. In order to establish relations with representatives of generation Z, entrepreneurs need to get to know them in the first place, i.e. acquire as

much as possible information about them - they should know what their needs, expectations, habits or favorite means of communication are [18]. Such knowledge will allow entrepreneurs to а individualize communication in a way that takes into account the customer's point of view. It will enable them not only to create more attractive products, but also to use effective instruments of marketing impact on the market. The aim of the paper is to indicate the characteristics of social media activity of representatives of generation Z as a basis for building relations and gaining advantages by enterprises.

2. Literature Review

2.1. Definition of social Customer Relationship Management (sCRM)

Customer Relationship Management can be examined from at least five different perspectives: as a process, a strategy, a philosophy, a capability and a technology [24]. Hence, there is no one definition of CRM in the literature. The essence of CRM was aptly defined by P. Greenberg "CRM (...) isn't a technology. As you will see, that's true, but not strictly. I also heard that it was a 'customer facing' system. That it is a strategy and/or a set of business processes. A methodology. It is all of the above or whichever you choose" [9]. The definition proposed by Bose also indicates the nature of CRM - "At the core, CRM is an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction. More specifically, CRM involves acquisition, analysis and use of knowledge about customers to sell more goods or services and to do it more efficiently" [3]. CRM exists at three levels: 1. Strategic, 2. Operational and 3. Analytical [6]. CRM is a process in which the following phases can be distinguished: 1. Identification of customers, 2. Initiation of relations with customers, 3. Maintenance of relations with customers, 4. Development of relations with customers, 5. Ending of relations with customers [15]. As social media developed dynamically, the concept of CRM started to change. The traditional CRM assumes one-way communication between a customer and an enterprise, initiated as a rule by an enterprise. Due to marginalising the significance of customer expectations, this type of communication has turned out to be insufficient to build relations. Two-way communication is offered by the concept of Social CRM. Through available social media tools, customers can express their opinions and participate in a discussion or various events 1020

organised by enterprises. The connection of social media with the concept of CRM is highlighted by B. Thompson, who points out that "Social CRM is the integration of social media and CRM. Literally: Social + CRM. If you don't have both, you don't have Social" [25]. P. Greenberg [9] defines SCRM through the lens of philosophy and business strategy: "Social CRM is a philosophy & a business strategy, supported by a technology platform, business rules, workflow, processes & social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted & transparent business environment. It's the company's programmatic response to the customer's control of the conversation" [26]. The differences between the traditional CRM and Social CRM exist at the following levels: context, channels, processes, organization, technology, communication image and brand reputation [5].

2.2. Characteristics of the Generation Z

In order to understand customers' attitudes and behaviour, researchers take efforts to identify a demonstrating "similar generation cohort behavioural characteristics, reflecting their similar formative experiences, technologies, and adaptation to cultural and environmental changes" [22]. There are numerous discrepancies in the literature concerning the dates identifying the different generations. One of the most cited classifications of generations involves division based on a cohort's year of birth: the Silent Generation (1925-1945), the Baby Boomers (1946-1960), Generation X (1961-1981), and Generation Y/Millennials (born after 1981) [4]. There is also no agreement in the literature on the start and end years of generation Y. The most often cited end years include 1994 [17], [12], 1995 [1], [7], [27]-[28], 1999 [2], 2000 [20], 2001 [29], 2002 [14] and 2005 [11]. Lack of consensus on this issue makes it impossible to indicate a commonly accepted date commencing the subsequent generation - generation Z. For the purpose of this study, the authors have assumed that the term "generation Z" means the generation of people born in 1995 or later, who are currently entering the labour market. Unlike representatives of the previous generations, representatives of generation Z were born into the digital world, and hence are constantly online, with the virtual world being as important to them as the real one. In Poland, which has the population of 38.422 million, people born in 1995 and later number 8.983 million. Generation Z is the most numerous generation in Poland, accounting for around 23.4% of Poland's population [23]. Such a numerous

group is a challenge not only for employers on the labour market, but also for entities on the ecommerce market. Compared to other generations, generation Z is the least explored one. People representing generation Z are responsible, loyal, thoughtful, compassionate, open minded, determined [30] (Table 1).

Table 1: Characteristics of representatives of generation Z

Characteristic	Description
Embrace diversity	More tolerant, respectful, and responsible.
Are social change- oriented	More socially aware and community minded.
More cautious, but not afraid to try new things	Loss of innocence has made them resilient and pragmatic.
Are collaborative	They are the sharing generation, having shown tendencies to share everything, including possessions, no matter how personal.
Tend to follow authority	 are not rebellious; - like their parents
Have confidence	Can see through the superficial.
Have a short attention span	Engage in multi-tasking Because they need instant answers, they struggle with critically evaluating information and are quick to take the first information they get including opinions over fact pieces. Can demonstrate a lack of manners

Sladek and Grabinger listed among the most important characteristics of generation Z the following: financially conscious, global minded, lacking work experience, tech savvy [31]. Based on studies conducted on thousands of members of Gen Z in the US, UK, France, Germany, Brazil and Japan, generation Z in terms of potential purchasers can be described as follows: 1. They represent a significant purchasing power - they spend a lot both online and in-store, especially on electronic equipment. They value both online and in-store shopping 2. They spend a lot of time using mobile devices - around 11 hours per week in their free time, 3. They like listening to and watching TV shows, films, music and podcasts online very much - they dedicate around 23 hours per week to these activities, 4. Their purchasing decisions are more impacted by websites and applications than TV commercials, search engine ads or online banners, 5. They often view products online, and then buy them in-store (Webrooming, 34%), and also view a product in-store and buy it online (Showrooming,

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23%), 6. They expect a personalised approach, which means not only personalised ways of communication but also a personalised way of conveying information in the form of advertisement [32].

3. Methods

The aim of the paper is to indicate the characteristics of social media activity of representatives of generation Z as a basis for building relations and gaining advantages by enterprises. The study was conducted using the CAWI technique - the survey questionnaire was made available on the platform Webankieta.pl. The survey was conducted at the end of November and beginning of December 2018 among students of the Faculty of Management at the Czestochowa University of Technology. The participants completed the survey questionnaires by themselves. A total of 264 students participated in the survey, and responses of 223 students were qualified for the analysis. There is no agreement in the literature regarding the year of birth of representatives of generation Z. The most often cited date is the year 1995, which the authors of the paper assumed to be the cut-off year in their study. The catalogue of variables used in the study was proposed on the basis of a critical analysis of literature [19], [16], [10]. The basic qualification criterion was a respondent's date of birth - 1995 or later. Software Statistica 12 was used to process the data. The survey aimed to find out the answers to the following research questions: 1. Do representatives of generation Z use social media? 2. If so, which social networking sites do they choose most often? 3. Does a respondent's sex have an impact on the choice of a social networking site? 4. Which devices do they most often use to view social sites? 5. Which benefits networking do representatives of generation Z expect when visiting selected social networking sites?

H1: A respondent's sex has an impact on which social networking site he/she chooses to visit.

H2: The smartphone is the device most often used by respondents to be active on social media.

H3: A respondent's sex shapes the benefits expected by representatives of generation Z when visiting selected social networking sites.

4. **Results and Discussion**

The findings of the studies indicate that as many as 99.10 % of respondents use social media. The most popular are: Facebook, YouTube, Instagram and Snapchat, as presented in Fig. 1.

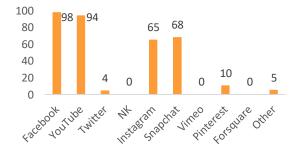


Fig. 1: The number of indications of the use of the different social networking sites (%)

Next, an attempt was made to verify hypothesis H1, which assumes that a respondent's sex has an impact on the social networking site he/she chooses. The analysis covered answers to multiple choice questions. Calculated overall indicators, as well as indicators for females and males, were verified using a test for indicator of structure (results are presented in Table 2).

Table 2: Impact of a respondent's sex on the choice of a social networking site

nses		In total		Females		Males		
Responses	Numb	Percentaries	Numb	Percent of cases		Percent of cases		
Faceboo k	219	98.21	180	98.90	39	95.12	0.04 9	
YouTub e	209	93.72	169	92.86	40	97.56	0.13	
Twitter	8	3.59	5	2.75	3	7.32	0.36	
NK	1	0.45	0	0.00	1	2.44	0.01 7	
Instagra m	146	65.47	129	70.88	17	41.46	0.00 02	
Snapchat	152	68.16	128	70.33	24	58.54	0.07	
Vimeo	1	0.45	1	0.55	0	0.00	0.31	
Pinterest	22	9.87	22	12.09	0	0.00	0.00 98	
Forsquar e	0	0.00	0	0.00	0	0.00	1	
Other, specify	11	4.93	10	5.49	1	2.44	0.20	
In total	769	344.84	644	353.85	125	304.88		

The analysis gave the basis for conclusion that in four cases the sex has a significant impact on differences between the analyzed indicators (percentages). It can be noticed that significantly more women than men use Facebook, Instagram and Snapchat, whereas significantly more men than women visit YouTube. Fig. 2 presents devices most often used by respondents to connect to social media.

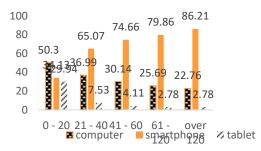


Fig. 2: Number of indications (%) of the duration of time (in minutes) spent on social media using the different devices

The smartphone is the device most often used by respondents to be active on social media, while the tablet is used least often. This confirms hypothesis H2.

The respondents were also asked to indicate the most important benefits that drive them to be active on selected social networking sites. The most important benefits, without division by sex, are indicated in column 2 of Table 3. In the next step, the authors verified hypothesis H3, examining the impact of the sex on assessing benefits of using social networking sites. The verification was conducted using Mann-Whitney U test (results are significant with p <0.05000), and the results are presented in columns 3-7 of Table 3).

Table 3: Benefits of using social networking sites

Benefit	Most important Benefit (position taken / %)	Mann-Whitney U test				
		Sum of ranks Male	Sum of ranks Female	Ŋ	Ζ	р
1	2	3	4	5	6	7
possibility of finding and following friends	2 (61.43)	3956 .000	21020. 00	30 95	- 1. 7	0. 09
fast commur	1 (89.69)	4290 .500	20685. 50	34 30	- 0. 8	0. 42

		ı				
most important information at one place	7 (34.98)	3723 .500	21252. 50	28 63	- 2. 3	0. 02
following trends on the Internet (e.g. interesting video, music)	6 (36.32)	3971 .500	21004. 50	31 11	- 1. 7	0. 10
sharing information with friends	3 (53.81)	4144 .000	20832. 00	32 83	- 1. 2	0. 23
possibility of acquiring information about products/se rvices of a particular company	4 (44,84)	3768 .500	21207. 50	29 08	- 2. 2	0. 03
possibility of expressing one's opinions about products/se rvices of a particular company	10 (26.91)	3985 .000	20991. 00	31 24	- 1. 6	0. 10
possibility of creating and implementi ng changes in products/se rvices and the functioning of a company	12 (8.97)	4734 .500	20241. 50	35 89	0. 4	0. 70
access to numerous web services using one account on a social networking site	9 (28.25)	5179 .000	19797. 00	31 44		0. 12
opportunity to have access to additional materials	8 (32.29)	4585 .000	20391. 00	37 24	- 0. 0	0. 99

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(in the case of artists' official profiles, TV channels)						
finding new friends	5 (36.77)	4214 .000	20762. 00	33 53	- 1. 0	0. 31
possibility of self- promotion, being seen	11 (22.87)	4485 .500	20490. 50	36 25	- 0. 3	0. 78
Other, specify	13 (5.38)	4602 .500	20373. 50	37 21	0. 0	0. 98

The most expected benefits of visiting selected social networking sites by representatives of generation Z are as follows: 1. fast communication, 2. possibility of finding and following friends, 3. sharing information with friends, 4. possibility of acquiring information about products/services of a particular company, 5. meeting new friends. The analysis indicated that in two cases the sex had a significant impact on the differences between the analyzed variables: the most important information at one place (p=0.02) and possibility of acquiring information about products/services of a particular company (p=0.03). In the case of both the variables, women rated benefits of using an account on a social networking site significantly higher.

5. Conclusion

Communication with the customer through social media allows a company not only to monitor its customers' satisfaction with the products and services it offers, but above all, to engage customers in the process of identification with the brand and creation of its positive image in a network if links with other users of social media. As a consumer, a representative of generation Z expects communication with him/her to be more creative and take the form of personalized images, films or music. He/she is immune to typical advertising practices, thus forcing entrepreneurs to look for effective forms of communication - they should communicate in five words and a big picture [33]. However, as far as generation Z consumers are concerned, special attention should be given to the following phenomena: currently, the problem is not the quantity but the quality of relations; lack of long-term, lasting relations based on trust; there are one-off relations; relations are shallow and not very stable; the element of trust is less and less important to business partners.

Based on the survey, selected characteristics of representatives of generation Z can be identified:

- 1. Almost all of them use social networking sites (99.10%),
- 2. The most visited sites are: Facebook, YouTube, Instagram and Snapchat,
- 3. The sex has an impact on which social networking site is chosen. Women more often choose Facebook, Instagram and Snapchat, whereas men YouTube (H1),
- 4. The smartphone is the preferred device to connect to social media. The tablet is a device of marginal significance (H2),
- 5. The most important benefits of visiting social networking sites are as follows: 1. fast communication, 2. possibility of finding and following friends, 3. sharing information with friends, 4. possibility of acquiring information about products/services of a specific company, 5. meeting new friends.
- 6. A respondent's sex shapes the benefits expected by representatives of generation Z when visiting selected social networking sites (H3). The benefits that are the most significant for women when selecting social networking sites are: the most important information at one place and possibility of acquiring information about products/services at one place (H3).

Latest global research shows a decline in popularity of such social media platforms as Facebook and Twitter among representatives of generation Z, who prefer Instagram and Snapchat [34]. The research conducted by the authors of the paper has not confirmed this trend among the Polish respondents - Facebook is the most visited social media platform among representatives of generation Z in Poland. However, the findings of the authors of the paper are consistent with those of global research in terms of the main reasons for using social media by representatives of generation Z. Both Polish respondents and the respondents participating in research conducted abroad indicate interactive communication as the most important reason for, and thereby the most important benefit of, using social media [34]. Communication and building relationships represent a more important benefit than the possibility of using social media to make purchases. Around one third of the representatives of generation Z spend 22 hours a week on communicating with others via social media [34].

Due to the size of the paper, only selected findings of the survey have been presented. The characteristics of behavior as presented in the paper indicate what entrepreneurs should pay attention to when initiating and maintaining relations with representative of generation Z. When building relations with customers it should be borne in mind that the weakness of the traditional CRM is oneway communication between an enterprise and a customer resulting from the lack of links between process and IT solutions on the one hand and social processes on the other hand. Currently, it is social CRM that enables multi-way exchange of information and cooperation. The key to success in establishing and developing long-term relations with representatives of generation Z is to follow the basic principles: 1. Intuitively deliver on their constantly evolving needs, 2. Make them part of the solution and 3. Demonstrate respect and loyalty before asking for it (Web-11).

Summing up, literature review fully confirms researchers' growing interest in management of enterprises' relations with generation Z, as the number of studies in this area is increasing and what should be emphasized - efforts are taken to establish a separate research domain within management studies concerned with generation Z.

Undertaking to indicate future directions of the research into the phenomenon of building enterprises' relations with generation Z consumers, one should take into account the state of research in Poland on the one hand, and the body of global research on the other hand. Despite the growing number of publications, the current research into building relations with generation Z customers can still be regarded as relatively modest. A proposed direction of further research could be creation of a company's image targeted at representatives of generation Z. Such research could contribute to enriching the theory and provide practical recommendations to those managing enterprises.

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