

The digital network and its impact on buying and selling in Chinese business-to-business relationships

Work in Progress Paper

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ABSTRACT

Digital technology is now all pervasive and its use blurs working and home lives. This exploratory research investigates how social media, specifically WeChat, is being utilized and experienced by buyers and sellers in the context of textile raw material suppliers and textile manufacturers in China and the impact this has on the development of salesperson to client business relationships. A mixture of data capture from WeChat conversations and in-depth personal interviews are being used to understand the underlying relational processes that drive the type of information exchanged and the impact of this on both the relational experiences and future intentions of the buyers and sellers concerned. The majority of sales research is undertaken in a Western context and thus this research aims to broaden our understanding of the complexity of sales relationships in a Chinese sales context where strong cultural norms are believed to impact on more formal organizational relationships.

Keywords: social media, digital network, buying and selling, business-to-business relationships

## INTRODUCTION

Digital technology has changed the buying process and salespeople's daily business operation (Moncrief, 2017). However, most studies about salespeople's use of social media remain conceptual and empirical evidence is needed to develop understanding of the role of social media in the business-to-business buying and selling processes (Itani et al., 2017). Additionally, existing studies tend to focus on sales force and social media in a western context, neglecting a wider marketplace such as emerging economies (Itani et al., 2017; Müller et al., 2018). Thus, further empirical studies on the use of social media and sales force in a non-western setting are needed to understand the role that digital technology plays in wider B2B markets and sales contexts.

WeChat is a social media app that has revolutionized the digital interactions among Chinese people, both at the consumer and business-to-business level (Doland, 2016). It was introduced in 2011 by Tencent and was reported to have 806 million monthly users in 2016 (Doland, 2016). It has the characteristics of Facebook, ApplePay, Instagram and WhatsApp (Doland, 2016; Gan, 2017). Only a few studies have investigated WeChat in B2B buying and selling processes (e.g. Wang et al., 2016; Niedermeier et al., 2016), yet the critical role that WeChat plays in communication (Wang et al., 2016) and building and maintaining guanxi in B2B relationships cannot be neglected (Niedermeier et al., 2016). As studies indicate a near universal acceptance and use of social media among Chinese salespeople and with companies being highly supportive of their salesforces using social media with customers (Niedermeier et al., 2016), further investigation and understanding of the utilization of social media, especially WeChat, is needed for managerial guidance of successful business-to-business sales performance in China.

This work-in-progress paper first introduces a review of social media studies in B2B markets, which leads to the proposal of our research questions. Then, an explanation of data collection and sampling is provided. Finally, our preliminary findings and discussion are presented.

## LITERATURE REVIEW

The popularity of social media usage in both business and consumer markets is increasingly evident (Swani et al., 2017; Salo, 2017). In a B2B context, digital technology is expected to result in a number of changes in information-seeking behaviour, including: a requirement for more information, an increase in the use of social media for information search, an increase in the number of information sources used and more use of mobile devices in industrial buying (Müller et al., 2018). Recognizing the importance and prevalence of digital technology, many B2B companies have added social media to their marketing communication strategies (Leek et al., 2016).

The benefits of adopting social media in marketing has been recognised across a wide range of activities, such as identifying and communicating, new business opportunities, capturing and discussing the rationale for customer needs and design intent, collecting and using customer feedback and product performance and finding the right competencies and composing cross-functional teams (Chirumalla et al., 2017). Social media has also been recognised as an important communication tool (Wang et al., 2016) to connect stakeholders, co-create material, foster an online community and build B2B relationships (Mehmet and

Clarke, 2016; Drummond et al., 2017). Relevant and useful social media content contributes to raising customer awareness and building trust (Barry and Girona, 2018). Attracting new customers, cultivating customer relationships and increasing brand awareness have been suggested to be the three most important goals for B2B firms adopting social media (Michaelidou et al., 2011).

Social media has also been found to have a positive effect on the sales process (Rodriguez et al., 2012). Salespeople use social media to expand their network, build their professional reputation and increase their credibility (Lacoste, 2016). Social media may help salespeople in creating value with their customers (Agnihotri, et al., 2012) and in enhancing sales performance via collecting competitive intelligence and increasing adaptive selling (Itani et al., 2017). It is beneficial in buyer-seller relationships as a salesperson can use it to relay important knowledge and information to customers (Agnihotri et al., 2016). Salesperson's use of social media improves information communication and responsiveness, and may indirectly impact on customer satisfaction (Agnihotri et al., 2016).

Guesalaga (2016) suggests that a number of factors determine the effectiveness of social media usage in sales, including organizational competence (i.e. the supplier company's knowledge, productivity and expertise with social media), customer engagement with social media, individual commitment (i.e. being active in using social media tools) and organizational commitment (i.e. providing training, developing and communicating a strategy on social media). However, a gap exists between the recognition of the positive contribution of social media to business and the actual application of social media in enhancing business (Brink, 2017). There is also limited organisational guidance about how salespeople should use social media (Chirumalla et al., 2017; Itani et al., 2017). Another issue that needs consideration is that variations in the functionality of different types of social media (e.g. LinkedIn, YouTube, Twitter, Facebook) may influence the buying and selling process in different ways (Andzulis et al., 2012). Studies are needed that explore B2B social media usage beyond likes and comments and in wider social media platforms (Swani et al., 2017; Drummond et al., 2017) and in emerging and international economies (Niedermeier et al., 2016; Itani et al. 2017; Müller et al., 2018).

A wide variety of theoretical lenses can be adopted to explore B2B social media usage. The theoretical underpinning to this research lies in the study of relational dynamics and changes in relationships, so the focus adopted is that of understanding the interaction processes that define the usage of social media. Our theoretical lens comes from the interaction approach (Håkansson, 1982) and the processes that affect how relationships develop over time (e.g. Anderson, Havila, Andersen & Halinen, 1998; Halinen & Tähtinen, 2002; Schurr, 2007).

In order to explore the research gap identified above, the objective of this research is to explore how social media, specifically WeChat is being used in the B2B buying and selling process in China. Our research questions are outlined below:

- How is social media, specifically WeChat, being utilized and experienced by business-to-business buyers and sellers?
  - What do the messages contain?
  - What objectives do the senders have when deciding to use social media communication?
  - Which points in the selling process do they relate to?

## METHODOLOGY

The exploratory nature of this research necessitated a flexible qualitative research approach (Carson et al., 2001). A two-stage data collection process is involved: at the first round of data collection, salespeople’s dyadic digital interactions with their customers were captured from their communication history via WeChat. Further in-depth interviews are followed up in the second round of data collection.

The sample was gathered from the textile industry in China. A purposive sampling strategy was adopted in which salespersons were approached using the *guanxiwang* (the whole network of connections that a person has) of one of the researchers (Ambler et al., 1999). This strategy was necessary because of the recognized difficulty in collecting data from Chinese nationals in China (Zolkiewski and Feng, 2012). In the initial round of data collection reported here, participants from two companies were identified. Company A is a larger firm that supplies wool and cashmere. Company B is an SME that trades in wool. Both companies are located in the main knitwear region in China (Puyuan).

The data comprised of snapshots of salespeople’s dyadic digital interactions relating to their b2b network, i.e. customers and suppliers, see Table 1. This included: text messages, voice messages, photographs, emoji and location shares. These digital interactions were captured by the participants themselves using screen shots and shared with the researchers.

Identifier	Participants	Interaction Period
SASA	Salesperson A – Supplier A	5 <sup>th</sup> July 2017 – 30 <sup>th</sup> January 2018
SACA	Salesperson A – Customer A	29 <sup>th</sup> September 2017 – 16 <sup>th</sup> February 2018
SACB	Salesperson A – Customer B	27 <sup>th</sup> August 2017 – 15 <sup>th</sup> February 2018
SBCC	Salesperson B – Customer C	10 <sup>th</sup> November 2017 – 11 <sup>th</sup> January 2018
SBSB	Salesperson B – Supplier B	17 <sup>th</sup> July 2017 -26 <sup>th</sup> October 2017
SBSC	Salesperson B – Supplier C	10 <sup>th</sup> February 2017 – 28 <sup>th</sup> February 2017
SBSD	Salesperson B – Supplier D	23 <sup>rd</sup> July 2017 – 31 <sup>st</sup> July 2017
SBCD	Salesperson B – Customer D	6 <sup>th</sup> January 2018 - 18 <sup>th</sup> January 2018

Table 1 Data Collection Summary

An inductive thematic approach was used for coding. This was done manually and involved an abductive process of going backwards and forwards between the data and theory (Dubois and Gadde, 2001; 2014).

## FINDINGS AND DISCUSSION

The initial findings show that WeChat has a number of uses in this context, see Table 2 below.

Usage	SACA		SACB		SBCC		SBCD		SASA		SBSB		SBSC		SBSD	
Voice message	*	*	*	*	*	*			*							
Screenshot		*														
emoji	*	*			*	*		*		*			*	*		

Text message	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Photograph	*		*		*	*	*		*					*	*	*	
Festive messages	*	*	*	*				*									
WeChat call					*		*										
Video share											*						
Location share													*				

Table 2 WeChat Function Usage

In the table above the first sub-column for each pair refers to the salesperson’s digital usage and the second sub-column refers to the supplier’s/customer’s digital usage. The initial findings show that text messages, photographs and voice messages are the most frequently used functions. Salesperson A seems to be relatively consistent in how they use the functions of WeChat with both customers and suppliers. Salesperson B, on the other hand, uses far fewer functions with suppliers than customers. The data also suggests that the salespeople tend not to use emoji as part of the digital interaction, rather these are used by customers and suppliers, indicating both functional and emotional appeals in their messaging as Swani et al. (2017) pointed out.

Everyday business included:

- Requests for samples of material
- Arrangements around despatch of goods, including:
  - Transport
  - Urgent despatches
  - Confirmation of delivery date/time/location
  - Updates in real-time about arrival of goods
  - Confirmation of despatch
- Work specification:
  - Number of items, size, colour
  - Technical details
  - Arranging trials for new specifications
- Confirmation of:
  - Delivery schedule
  - Production schedule
- Explanation
  - Clarification of requirements
  - About price changes
  - Opening times
  - Technical details
- Problem reporting and solving
  - Apologizing for service failure
- Expediting:
  - Dates
  - Orders
- Arranging meetings
- Information sharing
  - Colours available

- Machining availability
  - Traffic problems
  - Product availability
  - Production availability
  - Business details, e.g. phone numbers, fax numbers, addresses
  - Payment
    - Explanation of payment terms
    - Confirming payment
    - Checking account details
    - Requesting invoices/changes
    - Querying prices
    - Money transfer requests
    - Tax issues
    - Providing credit card details
  - Order placement
  - Dealing with sales enquiries
- Developing new business relationships
- Referrals
  - Finding new suppliers
- Social interaction
- Sharing experience
  - Providing advice
  - Socializing

Following these digital interactions shows that WeChat goes beyond being a purely functional tool, even though many of the interactions relate to day-to-day business operations. It is clear that WeChat provides the ability to manage product flows in real time, it facilitates problem solving during the production process as well as signalling when material has been despatched or new products requested. This real-time information provision can be seen to provide reassurance to all the actors involved in the exchange. Often the interactions were not simply about business matters, in some cases social interaction was evident, for example sharing of greetings during important festivals and invitations to join in social activities.

## CONCLUSION

This work is preliminary and exploratory and thus it is not planned to be generalizable. Rather it gives insight into how social media is impacting on Chinese buyer-seller relationships. WeChat is also quite different from other social tools that are popular in other contexts such as Twitter and LinkedIn, therefore we would not necessarily expect to find similar effects from the use of these tools. We expect to make a theoretical implication by providing insight into the dynamic processes that impact relationships between Chinese sales people and their clients. From this managerial implications will be derived about how to use social media effectively in these contexts. Finally, the work has been undertaken in one specific cultural context and it may not be possible to see similar effects in different cultural contexts. All these avenues need further exploration.

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