

The Development and Thought of Shopping Carnival under the Price Discrimination

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Abstract: The online shopping carnival is not a festival but a shift from the traditional sales model based on the high development of the Internet and the rise of online shopping. This paper, through the analysis of the current situation, finds out the characteristics of the Nov 11th online shopping carnival marketing campaign, takes the price discrimination as the starting point, analyzes the Nov 11th online shopping carnival marketing campaign in depth, compares the advantages and disadvantages brought about by it, and gives some constructive thought, with a view of China's e-commerce and the development of net sales to provide some reference.

1. Introduction

During the five thousand years of farming, when the background is “The sunrise makes. The sunset but the rest.”, the development of productivity levels was usually only in response to the needs of human existence. But when the production mode changes, the multilevel needs of human beings are continuously developed, and the sources of profits of the merchants are also continuously extended. To solve the dilemma of “supply exceeds demand” in production process, e-commerce platforms and small and micro enterprises make use of the mechanism of the price discrimination to jointly create the demand myth of the shopping carnival on the November 11, and to promote the concentrated consumption of consumers to get to the profit maximization. This paper is based on this background to carry out.

2. The Development Status of Nov 11 Online Shopping Carnival

2.1 Sales are Growing by Spurt

Since 2009, the sales of the Nov 11 online shopping carnival has increased year by year, November 11, 2019, on the same day, the net sales data of the major sales platforms of the entire Internet on the whole day has exceeded 400 billion yuan, a 30.47 percent increase in size over the same period last year, setting an 11-year record. The Nov 11 online shopping carnival has developed and has been transformed from the original single merchant promotion to an online shopping carnival for all.

2.2 Participation in the Platform and Brand is Constantly Enriched

In 2009, the Nov 11 online shopping carnival was only a promotion campaign on the theme of Celebrating the bachelor day in Taobao Mall [1]. With the continuous development of the information age, the e-commerce platform is in full swing, more and more businesses choose to be short listed, “eating” e-commerce this piece of cake. The e-commerce competition promoted the extension of the shopping carnival. By November 11, 2019, the number of participating platforms had reached 22, and the products involved 2421 categories and 71238 brands. The total number of commodities reached 18.57 million.

2.3 Continuous Innovation of Warm-up Promotion Mode

The gameplay and promotion methods of the Nov 11 online shopping carnival are also keep pace with the times, and constantly innovate. In 2009, the Nov 11 online shopping carnival for Taobao mall is only a half-price mailing activity for some merchants to transfer inventory. With the rise of

e-commerce platform, the Nov 11 online shopping carnival marketing model is constantly innovating, increasingly refined and professional. From low-cost competition, the development of the line to joint promotion. Red packets, Koi, new products as bait, attracting more and more consumers to join the shopping. In 2019, the Nov 11 online shopping carnival is more around new products, market sink, live broadcast, membership, new retail and other keywords.

3. The Application of Price Discrimination on Online Shopping Carnival

3.1 Definition of Price Discrimination

For price discrimination, the traditional theory holds that price discrimination exists when the price change of the same product among different consumers can not be completely explained by the change of marginal cost of the product [2]. That is, price discrimination is essentially a price difference [3].

Economics divides price discrimination into three categories:

The first level of price discrimination, also known as perfect price discrimination. It refers to the individual price of each consumer through the analysis of consumption propensity and demand, and the highest price is charged for each consumer, applicable to goods and services that can be customized; The second-class price discrimination is a company's screening of personal information. In order to distinguish between different consumer groups, the manufacturer allows consumers to make their own choices by setting different consumption combinations, which could make profit maximization; The third-level price discrimination, manufacturers have identified the consumer market, according to demand elasticity, time effects, differentiated services, etc. to achieve profit maximization decision [2].

3.2 An Analysis of the Applied Behavior of Price Discrimination

The Nov 11 online shopping carnival market discussed in this paper is the background of the second-class price discrimination. "Double Eleven" is a tripartite cooperation game among sellers and consumers and platforms [4]. The fundamental purpose of price discrimination is to "squeeze out" the consumer surplus, to exchange the price for cheap, to exchange the convenience for expensive.

For sellers, it is necessary to balance brand revenue and price reduction. Sellers use price discrimination to accurately screen customers and precise customers. Different consumers are differentiated through a series of presale activities. For customers who are willing to pay the search cost, squeeze their contacts and energy, and ultimately profit promotion. Although the price has decreased, but the expansion of economies of scale can also bring more "returning customers" to the brand. On the contrary, for customers with high time costs choose to sell at a high price. It avoids the loss of uniform price reduction, so that the customers who have no time but money or have no money but time are all taken into account.

For consumers, it is necessary to balance time cost and discount income. Under the multiple stimulation of Hawthorne effect, herd effect and bird cage effect, "Double Eleven" has a strong psychological incentive and demonstration effect for consumers, stimulating Consumer demand. In the platform's aggressive marketing, do not buy goods seems to have become a loss phenomenon. Consumers should compare the expected return and time cost value when they consume. Price-sensitive users earn the price difference through price discrimination, while non-price-sensitive users save time and search cost by price discrimination.

For the platform, there is a need to balance the costs of creating activities with the benefits of absorbing traffic. In today's Internet era, there's no doubt that the platform needs traffic and needs to attract more users to benefit from it. And the platform uses the price discrimination, may according to the consumer behavior to carry on the personalized push to the customer, by the most effective method helps the seller to obtain the highest exposure, finally urges the platform flow maximization. However, the creation cost of the Nov 11 online shopping carnival is also getting higher and higher, and the activity rules are becoming more and more complicated.

4. Advantages and Disadvantages of Implementing Price Discrimination in the Nov 11 Online Shopping Carnival

4.1 Favorable Impact of Price Discrimination

4.1.1 Promoting the Development of Micro and Small Enterprises

Different from the traditional offline real economy, the e-commerce platform has a low threshold of entry. The development of Internet finance has spawned a large number of small and micro enterprises, more and more retailers and enterprises join the platform in order to occupy e-commerce this piece of cake. Grasping the opportunity of the Nov 11 online shopping carnival, using the price discrimination mechanism to screen users for information asymmetry through various marketing methods, they can “clean up” the consumer surplus. We can increase the profits of small and micro enterprises, promote the effective development of small and micro enterprises.

4.1.2 Stimulating Consumer Demand

Maslow's hierarchy of needs divides human needs from low to high into physiological needs, safety needs, social needs, respect needs, and self actualization needs [5]. And in general, as incomes rise, peoples needs will also develop to a higher level. And the price discrimination stimulated the consumer demand, the commodity price has the high to have the low, satisfies the different level consumer's demand. At the same time, it eases the current situation of low consumption in China and stimulates consumption, improve the overall consumption level of the people.

4.1.3 Increase the Effective Traffic of the Platform

E-commerce platform is gradually developing from traditional portal e-commerce and self-operated e-commerce to social e-commerce, and the continuous effective flow is the key to the subsequent development of e-commerce platform. While using the platform effect to attract the original traffic, the Nov 11 online shopping carnival develops users' social traffic through various ways, such as “covering the building”, “puzzling” and “bargaining”, allowing consumers to spontaneously help attract traffic, thereby acquiring more potential users and effectively increasing the platform's traffic.

4.2 The Problem of Price Discrimination

The Nov 11 online shopping carnival undoubtedly stimulated consumption and provided an important impetus for economic development. However, through research on the main bodies of all parties, we found that the Nov 11 online shopping carnival makes sellers' reputation and consumers Reputation and platform reputation are facing severe challenges.

4.2.1 The Price Fraud Risk Sellers Credibility Many Unscrupulous

Many unscrupulous merchants took advantage of the Information asymmetry of consumers during the Nov 11 online shopping carnival to commit price fraud behavior. First bid up the price and then reduce the price to increase the surface discount; use the brush to block the product itself ; hunger Marketing, which limits the number of purchases users can make, and so on, are eroding consumers' sense of trust in sellers.

4.2.2 Overdraft Consumption Damages Consumer Credit

During the Nov 11 online shopping carnival, a variety of discount promotion information flood in, consumers often lose their heads to buy wantonly, the statistics of all kinds of desirable goods. But often after the carnival, the problem is gradually exposed, overdraft consumption make consumers financially confusing, and even reach the level of threat to daily life. Many consumers will choose to return the goods, plus the purchase of goods at a low price including producers hoarding stocks or rushing, not in line with consumer expectations, return rate of the Nov 11 online shopping carnival continues to increase. There are also many consumers just for piecing together the preferential conditions to choose to buy goods, after trading at a preferential price, they will

cross the river to dismantle the bridge and choose to return. At the same time, the Nov 11 online shopping carnival sales figures conceal the problem of unsustainable development. After a long period of time, it was a low season for consumption, which was not good for economic development.

4.2.3 Information Disclosure Challenges Platform Reputation

During the warm-up period of the Nov 11 online shopping carnival, most consumers will receive advertising information about sellers' promotions and platform activities, which exposes the problem of information leakage of the platform. In the era of big data, personal information is constantly being sold and used on the Internet, threatening the privacy and even personal safety of every user. The platform uses personal information to increase the traffic, which makes the consumer's trust in the platform be damaged.

5. Suggestions for Improvement

5.1 Improve the Supervision System and Create a Safe Shopping Environment

The relevant regulatory agencies should strengthen the force of supervision. For sellers with price fraud and counterfeit and shoddy goods, they should be severely punished and resolutely put an end to such incidents. We will effectively protect consumers' rights and interests, establish a sound legal system throughout the pre-sale, sale and post-sale process, raise the threshold for brand access, and create a safe environment for consumers in e-shopping [6]. At the same time, marketing of platforms and sellers should be in line with consumers' demand, to prevent false marketing and excessive Marketing behavior.

5.2 Strengthening the Consciousness of Safeguarding Rights and Establishing the Correct Consumption Concept

For Consumers, to dare to safeguard their rights, in the face of the seller's price fraud and quality issues, to report to the relevant departments. At the same time, we must establish a correct concept of consumption, abstain from extravagance, avoid conformity, do not blindly follow the trend, step into the marketing trap. Under the premise of meeting your own economic level and demand and then make reasonable consumption [7]. Avoid by all means ahead of consumption, overdraft consumption, consumption should be within one's means.

5.3 Introducing Block Chain Technology to Establish and Perfect Value Internet

Block chain technology citation is a special database technology, which can generate a set of record time sequence, tamper-proof and secure database. By using block chain technology, the personal information is valued, the cost of expanding personal information is increased, and the data security is effectively guaranteed. Through the establishment of a sound value of the Internet, effectively solve the problem of information leakage.

6. Conclusion

To sum up, the findings of this study are:

First, over the years, the Nov 11th online shopping carnival have continued to develop; sales are growing by spurt; participation in the platform and brand is constantly enriched, and sales promotion methods have continued to innovate. The overall trend is positive.

Secondly, the Nov 11th online shopping carnival market discussed in this paper is based on the second-class price discrimination, which is a product under the cooperation game among consumers, sellers and platforms.

Thirdly, it is found that price discrimination can promote the development of micro and small enterprises, stimulate consumer demand and increase the effective traffic of the platform. But at the same time, it also faces the problem that the price fraud, risks sellers credibility; many unscrupulous, overdraft consumption damages consumer credit; information disclosure challenges platform

reputation.

Fourth, any technological innovation and technological progress must pay a certain price. We can improve the supervision system and create a safe shopping environment, strengthening the consciousness of safeguarding rights and establishing the correct consumption concept, introducing block chain technology to establish and perfect= Internet. These measures will not only unleash market vitality, but also raise the overall consumption level.

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