

## A Strategy Research of Network Marketing About PinDuoDuo

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**Abstract:** With the continuous development of E-commerce, the improvement of network information technology, and the continuous improvement of consumers' purchasing power, PinDuoDuo quickly entered the vision of consumers with its unique "social networking + E-commerce" model and quickly occupied a strong market position.

This paper studies PinDuoDuo's network marketing strategy, analyzes its featured product model, boutique recommendation real-time information model, and analyzes the highlights and shortcomings of the low-price PinDuoDuo strategy under the C2B model, and puts forward some Suggestions for improvement.

**Keywords:** E-commerce, C2B, Group, PinDuoDuo

With the rapid development of network technology and E-commerce, PinDuoDuo is a lot as a new C2B E-commerce platform of the mass of social patterns, to consumers as the center, standing in the consumer's point of view, pay attention to the interaction and communication between people, accepted by more and more consumer recognition, it created the "social" PinDuoDuo electricity sheet is a new mode of shopping, break through the traditional mode of electric business platform, which influence the development of new type of electricity.

However, PinDuoDuo's ability to survive and develop in the gap between TaoBao and JingDong, two heavyweight E-commerce platforms, is closely related to its unique business model and marketing philosophy.

### 1. Connotation of Network Marketing

Network marketing, can also be referred to as online marketing or electronic marketing, is based on modern marketing theory, with the help of the Internet, communication technology and digital media technology to complete the marketing target of business activities, is the progress of science and technology, customer value change, form the comprehensive factors such as market competition, is the inevitable outcome of the information society.

Compared with other marketing, network marketing reflects some new features:

### 2. Flexible Ecological Thinking

**Relying on Internet Technology as the Basis of Network Marketing**, computer and other intelligent technology equipment together while a good relationship between enterprises and users.

Highlight the core status of people: people are the main body in the social relationship network established by the Internet, occupying the core status. All activities in network marketing are carried out based on the needs of people, rather than network technology, web content, procedures, etc.

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**Focusing on customer value:** It is the focus of network marketing in order to create value for customers and meet consumer needs, customer value directly affects the quality of network marketing activities.

## **2. PinDuoDuo's Unique Marketing Strategy**

Since PinDuoDuo was founded in 2015, it has developed rapidly and has rapidly occupied a place on shopping E-commerce websites.

Compared with the C2C model of TaoBao and B2C model of JinDong, PinDuoDuo has the courage to innovate by combining "social networking" with "E-commerce" and sweeping the domestic shopping website with the C2B group model.

The new model caught the eye of consumers and quickly attracted a large number of users.

PinDuoDuo developed rapidly and was later financed by Tencent and other companies. Its application in WeChat was more abundant, including PinDuoDuo public account and small program.

When users experience PinDuoDuo, they can feel a wide variety of products, and the use method is quick, convenient and easy to grasp. PinDuoDuo is able to get orders at ultra-low prices, inseparable from PinDuoDuo investors Tencent support and help.

At the same time, the problem of consumer stratification is analyzed with the expansion of PinDuoDuo. According to different people with different levels of social demand, PinDuoDuo explores consumer relegation market and lays a solid foundation in three or four- tier cities soon, which standing out from the numerous E-commerce platforms, in two electricity giants (Alibaba and Jingdong) developed important reasons. PinDuoDuo was listed on July 26, 2018.

### **2.1 "Cutting Price for Free" Strategy, Users of the Platform Achieve a Win-win Situation**

According to the survey, the price of PinDuoDuo is lower than that of other E-commerce platforms, and it also pays the packages free.

PinDuoDuo is to seize the consumers' want of buying low price psychology, make the use of "Cutting price for free" strategy to drainage, so PinDuoDuo brings a large number of users and click rates, hence there is an advertising words "100 million people are using PinDuoDuo".

In PinDuoDuo "Cutting price for free" ,a lot of businesses will set commodity prices on the high side, then the user were cut down to 0 yuan goods by inviting friends to bargain, users will try their best to invite more friends to help its bargaining, and friends in helping bargaining system will appear to APP bargaining and cut more warm prompt for PinDuoDuo, many more people download, this gives you PinDuoDuo introduced a lot traffic, increase the hits. Merchants occupy the market with flow, users get free goods at a low price to achieve a win-win situation.

### **2.2 Realizing "E-commerce + Social Networking" by Skillfully Using Interpersonal Resources**

Many of the projects on PinDuoDuo's platform are designed to attract users by taking advantage of their cheapness. In order to achieve their goals, users will first contact their familiar relatives and friends. When the number of these people is not enough, they will use the interpersonal relationship that they seldom contact. Therefore, PinDuoDuo strengthens social contact and realizes the profit model of "E-commerce + social contact".

### **2.3 Standing on the Shoulder of WeChat "Giants" to Drainage by Introducing the Fresh Vegetables and Food**

PinDuoDuo was initially just a PinDuoDuo list of fresh fruit. As a daily necessity,

PinDuoDuo purchased fresh fruit at a price lower than the market price, which attracted the first group of users and completed the accumulation of PinDuoDuo basic users. Later PinDuoDuo from fresh to cover a full range of goods. Currently, WeChat has nearly 1 billion monthly active users, while TaoBao has 500 million monthly active users. WeChat has nearly twice as many monthly active users as TaoBao. The small program in WeChat also has a large number of active users and has great commercial value. By March 2018, the PinDuoDuo app in WeChat had more than 200 million users, ranking first in mobile shopping app. PinDuoDuo with the help of WeChat huge traffic group to buy, stand on the shoulder of the giant WeChat, relatively easy to absorb a lot of new users.

## **2.4 Using C2M Supply Chain Skillfully to Promote Low Price**

The low price of goods in PinDuoDuo's platform does not mean the low quality of goods, but the fact that PinDuoDuo's supply chain returns to C2M. Because the traditional retail supply chain goes from production, logistics, warehousing, distribution, to the terminal and finally to the consumer. This series of activities must go through at least five processes. Similarly, the traditional E-commerce supply chain is from production to brand, then to generation operation, then to logistics and finally to consumers. However, the new E-commerce supply chain adopted by PinDuoDuo only needs to go from production to logistics and then to consumers, which saves two links.

As we all know, the cost of a product increased every time a process is added to the supply chain, and every time the price rises by at least 20%, the consumer will end up with a much higher price. For example, if you directly buy a Jin of oranges in the orchard, the price will only be one yuan, while the same Jin of oranges will be sold for four yuan in the supermarket, and the price has increased by four times, which will cost more manpower and material resources, so the price will rise. PinDuoDuo adopts the C2M supply chain to save a lot of costs, and commodity prices will naturally be generally lower.

## **3. Shortcomings of PinDuoDuo's Marketing Strategy and Suggestions for Improvement**

### **3.1 Shortcomings of PinDuoDuo's Marketing Strategy**

With the continuous expansion of the scale of development, PinDuoDuo also faces many serious problems.

#### **3.1.1 Frequent Bargaining and Sharing Generates Boredom, Damages Interpersonal Relationship and Restricts Development**

Many activities on PinDuoDuo's platform require friends to be invited. If a user sends a link to a friend at an inappropriate time, or frequently links to a circle of friends, the final bargain will only be a few yuan to damage the user's interpersonal relationship. PinDuoDuo in a lot of PinDuoDuoing of goods tend to be commodities, daily necessities, etc., suitable for mass PinDuoDuo, but this does not mean reversion of the pursuit of fashion consumption new groups as well as the economic developed area, in the consumer continuously find friends to help negotiate the PinDuoDuo group to share with friends all around, after losing freshness, in the end or even no coordination, PinDuoDuoing a lot need to improve their quality, can meet the demand of the young group, slowly to the development of high quality.

#### **3.1.2 Low Product Quality, Poor After-sales service, Shopping Experience Dissatisfaction**

Many users found quality problems after buying goods on PinDuoDuo. The user expressed that although the product was purchased at a low price, the quality of the product could not be guaranteed, which made him very disappointed. Because the threshold of merchants entering PinDuoDuo platform is relatively low, the guarantee amount for general enterprises to set up shop is only 1,000 yuan, and the deposit for individuals to set up shop is ¥2,000, while overseas online shopping, fresh fruit, beauty and other slightly higher is ¥10,000.

As long as you have a valid certificate, you can enter the platform, which results in uneven quality of goods on the platform and reduces user satisfaction. Users complained that PinDuoDuo had problems such as poor after-sales service, low efficiency in handling problems and slow reply from merchants. Moreover, after the problems occurred, consumers' rights and interests were damaged, and there was no way for consumers to complain when they wanted to protect their rights and interests on the platform, which seriously violated the original intention of PinDuoDuo when it was founded.

### **3.1.3 "Viral-orientated" Marketing**

PinDuoDuo platform has a large number of 0 Yuan lottery, second kill free trial, head of the list and other activities. Although these activities attracted a large number of user groups, some users complained that after the group was successfully organized, the order was inexplicable cancelled, and the interface showed participation in the lottery, which made users busy in vain, causing dissatisfaction among users. PinDuoDuo a lot of advertising slogan "PinDuoDuo, PinDuoDuoing, PinDuoDuoing, save more frequent in the popular variety, the public sight, consumers are caused by too much publicity, and no largely attract younger users, advertising effect is not ideal.

### **3.1.4 Imperfect Platform Construction and Loopholes.**

On November 27, 2018, PinDuoDuo was temporarily removed from the shelves due to a technical flaw in the latest version of IOS client. In the early morning of January 20, 2019, shopping vouchers only issued to new users suddenly became unlimited for all users, causing users to frantically get prepaid phone fees and Q COINS. Due to the negligence of relevant personnel and technical loopholes, PinDuoDuo suffered serious losses. It took more than 10 hours for PinDuoDuo officials to fix the loopholes and remove all the coupons. Link and two-dimensional code in the presence of criminals put the virus, phishing sites and other threats to the rights of users. Due to the low threshold for merchants to enter PinDuoDuo platform and the lack of perfect control system, this series of problems have emerged.

## **3.2 Suggestions for Improvement of PinDuoDuo's Marketing Strategy**

### **3.2.1 Strengthening the Supervision of Merchants and Commodities**

No matter what to do to pay attention to integrity, "integrity" is particularly important for businesses. PinDuoDuo's frequent complaints about merchants cheating consumers have reduced the platform's credibility. PinDuoDuo platform should strengthen the supervision of merchants entering the platform, the threshold of merchants entering the platform needs to be raised, and the proof materials provided by merchants should be guaranteed. When the merchants cheat the consumers and brush the bill, they will freeze the funds of the merchants for 400 hours or close the stores with the seal number. Cultivate business integrity awareness so that businesses will have a better development, PinDuoDuo platform environment has been purified.

### **3.2.2 Adjusting the Difficulty of Sharing and Reducing the Revenue Sharing of Users**

PinDuoDuo is mainly through user sharing to get publicity, absorb new users.

Appropriately reduce the difficulty of sharing, adjust the number of sharing is beneficial to ensure the quality of users. If the upper limit of the number of shares is high, users will try every means to share blindly, and there will not be many users who are really valuable to the platform, which also causes dissatisfaction of users. The friends who are most likely to use the product are the first to share, which is what the platform really needs. Therefore, it reduces the difficulty of sharing moderately, facilitates the users and improves the sense of experience. The platform also has no loss if users share the benefits, which not only guarantees the quality of new users, but also retains the old users.

### **3.2.3 Mastering the Balance Between Price and Product Quality and Improving Word of Mouth Marketing**

As a technology E-commerce company, PinDuoDuo's reputation is especially important. In the eyes of consumers, they focus on the quality of products sold by E-commerce platforms rather than the technology owned by E-commerce platforms. PinDuoDuo should strike a balance between price and product quality. Only when the price is reasonable can the product quality be guaranteed. In this way, consumers' interests will be reduced or the interests of cooperative merchants will be sacrificed. PinDuoDuo's users are generally concentrated in third-tier and fourth-tier cities, and their consumption level is not high. If PinDuoDuo wants to develop for a long time, it needs to improve its own reputation, enrich PinDuoDuo's product line, and improve better products and services to meet current consumer habits. Word-of-mouth marketing is adopted to attract new customers and dominate in first - and second-tier cities, where consumers tend to pay more attention to quality.

### **3.2.4 Strengthening Platform Construction and Improving Logistics and Transportation**

Collect Internet high-tech talents, analyze the problems existing in the platform, repair the loopholes in the platform in time, and strengthen PinDuoDuo technology research and development ability.

At the same time, strengthen the supervision of the platform, maintain the stability of the platform system, intercept the virus links, and strive to provide consumers with a safe and good shopping environment, so that consumers' personal information and property rights and interests are protected, so that PinDuoDuo will get out of the negative environment such as fake goods as soon as possible. Using the latest network computer technology to enhance the governance of the website platform, the use of sophisticated computer algorithm model and image identification technology, so that criminals nowhere to drill leak. Logistics efficiency directly affects the consumer shopping experience, the logistics efficiency, wide coverage of logistics network is now an important aspect of the increasingly competitive E-commerce platform, PinDuoDuo doing a great platform to improve its logistics, improve logistics efficiency, reduce the order delivery error rate, LAN to receiving regulation in the logistics transportation monitoring, improve the level of logistics.

## **Conclusion**

In the fierce competition of E-commerce platform, PinDuoDuo wittily targeted qunqi with lower consumption level in third-tier and fourth-tier cities as the first group of users, and opened consumer market through the daily necessities like fresh fruits. The target positioning was very accurate and differentiated from other E-commerce platforms. So far, PinDuoDuo's main products are mainly food, while TaoBao is mainly clothing and JinDong is mainly 3C products. Although the main category is different, the user repetition value of the three E-commerce platforms is rising constantly, and the competition pressure is huge. PinDuoDuo a lot of low price PinDuoDuo a group to seize the consumer's pursuit of low price psychology, small profit but quick sale at the same time to absorb new users. WeChat has a strong user group to promote, and then extended to the development of WeChat small program, more convenient and flexible. PinDuoDuo has rapidly become popular in a few years, relying on its unique low price PinDuoDuo, bargaining and other modes, now more and more E-commerce platforms have launched similar "PinDuoDuo" activity mode, the competition is increasingly fierce. However, these models also have many problems, such as uneven quality of low-priced products, technical loopholes and other problems, which need PinDuoDuo to constantly improve. PinDuoDuo platform has several good marketing model areas, such as "duoduo orchard" actively respond to the national policy to help rural poverty

alleviation, while enhancing the depth of the platform.

However, if PinDuoDuo wants to develop better in the first and second-tier cities, it still needs to launch a more high-quality and high-quality model to meet the current high standards of the public. PinDuoDuo needs branding to sublimate its reform. PinDuoDuo's existing problems should be looked at in a dialectical way of thinking, PinDuoDuo now all the copycat, fake and other issues are an important breakthrough point in its development, PinDuoDuo adjust its development route, enterprise upgrading and optimization is the inevitable product of PinDuoDuo's transformation of the main contradiction in the process of development. PinDuoDuo should take positively the criticism put forward by the majority of consumers and the problems pointed out are the key points of PinDuoDuo's development and improvement.

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