

Research on Marketing Strategy of Social E-commerce Platform Based on 4R Marketing Theory-Taking Pinduoduo as an Example

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ABSTRACT

As a representative enterprise of domestic social e-commerce platform, Pinduoduo has successfully opened up a blue ocean with social as its main profit, and in just a few years, it has jumped into the top three e-commerce companies and become the top three e-commerce companies in China alongside JD.COM and Ali. Unique marketing strategy is the key to its success. Therefore, based on 4R marketing theory, this paper makes an in-depth study on Pinduoduo's marketing strategy, aiming at digging the key factors behind its success, providing reference for other social e-commerce platforms and ensuring the stable and sustainable development of the e-commerce industry in the future.

KEYWORDS

4R marketing theory; Social e-commerce; Pinduoduo; Marketing strategy

1. INTRODUCTION

In recent years, due to the prevalence of the Internet and the vigorous development of e-commerce, online marketing has become the main way for major enterprises to compete for market share. The e-commerce model formed by social media came into being, and social network became the mainstream of technology, while the traditional e-commerce model no longer adapted to the development of the times. With the emergence of new technologies and new models, the consumer market in China is undergoing tremendous changes. Many enterprises began to explore the hidden potential in e-commerce, and various e-commerce platforms emerged one after another. Among many social e-commerce platforms, Pinduoduo successfully went public three years after its establishment with its unique marketing strategy. Now it is one of the three mainstream e-commerce platforms in China, and its amazing growth rate is amazing.

In the past marketing concept of enterprises, enterprises and consumers are often on opposite sides. With the digital and intelligent development of the times and the change of users' consumption concept, enterprises gradually realize the importance of "user loyalty" to their own development. Based on 4C marketing theory, Don Schultz, the originator of American integrated marketing communication theory, put forward a new 4R marketing theory focusing on relationship marketing, including relevance, reaction, relationship and return. This theory organically combines enterprises and customers to form a unique competitive advantage, which provides a brand-new marketing strategy and strategic framework for enterprises. As an e-commerce enterprise featuring social e-commerce, Pinduoduo has perfectly integrated the concepts of communication, sharing and socialization into the e-commerce group. With its unique marketing strategy, it has achieved remarkable results in the market and successfully found a new breakthrough point to enter the e-

commerce industry. Its marketing experience is worth learning from and learning from enterprises in the same industry. Therefore, this paper aims to make a comprehensive analysis of Pinduoduo's marketing strategy through 4R marketing theory, so as to provide new ideas and directions for the development of e-commerce industry.

2. LITERATURE REVIEW

(1) Research on 4R Marketing Theory

In 1999, American scholar Don.E.Schultz put forward the 4R marketing theory for the first time in his book *Integrated Marketing Communication*, which refers to Relevancy, Reaction, relationship and Rewards respectively. Wang Jiajia and Ye Minghai (2010)[1] Based on 4R marketing theory, the marketing management model of third-party logistics enterprises is studied. Wen Youhua (2014)[2] combines 4R marketing theory with modern network and digital marketing platform, and puts forward a marketing strategy for academic journals that focuses on readers, reduces readers' costs, meets readers' needs, and deepens interaction and communication with readers. Lei Ming and Yan Awen (2022)[3] analyzed the 4R marketing theory of relationship marketing, and put forward the marketing strategy of book products of university press with user relationship as the link from four aspects: relevance, response, relationship and return. Zhang Liyong (2023)[4] Based on the analysis of the current situation and existing problems of the red research travel service in public libraries, this paper puts forward the red research travel service strategy of public libraries based on 4R marketing theory.

(2) Research on social e-commerce

AT Stephen(2008)[5] studied the influence of social networks among sellers on the economic value in a large online social business market. This paper shows how the network can help the owners of social business markets and individuals participating in such markets to generate economic value. Baoyi Wang (2017)[6] analyzed the evolution, competitive situation and development trend of e-commerce online retail industry in China, and pointed out that the future development of e-commerce tends to focus on quality, personalization and convenience, and social e-commerce will play an important role in the future. Moued Alaa et al. (2018)[7] pointed out that social commerce is a new phenomenon, a new form of e-commerce including social media, and researched and developed a social commerce model with functional demand model, from which we can understand the concept of value co-creation. Korea Lan (2018)[8] combines the sharing economic background with social e-commerce, analyzes the difficulties in the development of social e-commerce at this stage under this background, and puts forward the paths and countermeasures for the development of social e-commerce. Tao Mei (2020)[9] pointed out that social e-commerce is essentially the integration of social traffic and e-commerce transactions. Fu Lei (2021)[10] Under the guidance of 4C marketing theory, this paper studies how social e-commerce can deepen the sinking market by cultivating private domain traffic.

3. GENERAL SITUATION OF PINDUODUO COMPANY

Pinduoduo was established in Shanghai in September 2015 with Huang Zheng as its founder. It is an Internet e-commerce platform under Shanghai Dream Search Technology Co., Ltd. focusing on C2B business model. As the founder of new e-commerce, Pinduoduo has integrated the concept of "entertainment sharing" into e-commerce operation, adopted the marketing strategy of "explosion+low price+teamwork", quickly occupied the sinking market share, used platforms such as WeChat to attract huge traffic and continuously expand the business scale, and committed to giving consumers a brand-new shared shopping experience and creating lasting value. Because the purchase price will be much lower than the individual purchase price, it will attract most consumers to invite

friends, family members, neighbors and other people to purchase orders, and promote large-scale centralized purchase by virtue of the spread of social platforms and the incentive mechanism of commodity coupons. At the same time, Pinduoduo also uses the way of spelling orders to accurately recommend and match users according to their browsing and purchasing records, so as to achieve the purpose of rapid pricing and rapid sales. With this new social fission shopping game, it quickly gathers a large number of price-sensitive users and successfully demonstrates its efficient marketing strategy.

With its unique marketing model, Pinduoduo has grown rapidly and achieved amazing business performance. In 2018, Pinduoduo was successfully listed on the NASDAQ stock market in the United States with a market value of \$24 billion; In December 2019, Pinduoduo was selected as one of the top 100 brands in the 2019 China Brand Power Ceremony. The opening of the "Billion Subsidies" column in the same year meant that the product quality of Pinduoduo Platform was guaranteed and the price was more affordable, and it would also provide a better shopping experience for new users. This move has brought a large number of new users to Pinduoduo and has been widely praised by users. In September, 2022, Pinduoduo successfully launched the cross-border e-commerce platform "Temu" and turned into a "dark horse" in cross-border e-commerce. By the end of 2023, Pinduoduo had nearly 900 million active users, and its net profit increased by 90% compared with last year. The continuous improvement of business data just confirmed the driving growth of high-quality development for high-quality consumption.

4. RESEARCH ON MARKETING STRATEGY OF PINDUODUO BASED ON 4R MARKETING THEORY

(1) Relevance strategy: accurate insight into market trends, personalized customization of consumer experience

Pinduoduo, as one of the giants of social e-commerce platform, always insists on taking consumer demand as the core in its association strategy, and realizes accurate interconnection with consumers through in-depth insight and accurate positioning of products. First of all, Pinduoduo uses big data and artificial intelligence to conduct in-depth analysis of user behavior and mine information such as consumers' shopping habits, hobbies and demand preferences. Through the accumulation and analysis of these data, the platform can accurately understand the needs of consumers and recommend products and services that meet their personal preferences, thus improving the shopping experience and user stickiness. Secondly, Pinduoduo pays attention to the implementation of personalized marketing. According to consumers' personalized characteristics and needs, the platform makes exclusive shopping plans for them, and enhances the shopping experience and satisfaction through personalized recommendation and customized activities. At the same time, Pinduoduo has also introduced exclusive products and customized styles through cooperation with brands to satisfy consumers' pursuit of individuality. In addition, Pinduoduo has also actively created a community-based shopping environment, and established connections and exchanges between consumers through social media and user communities. Consumers share shopping experiences and evaluate products in the community, which forms positive interaction and word-of-mouth communication, and further enhances the relevance with Pinduoduo platform.

(2) Response strategy: respond to market fluctuation flexibly and adjust marketing strategy quickly

Pinduoduo always keeps keen insight in the market competition, and can quickly capture market changes, respond flexibly and adjust strategies in time. First of all, Pinduoduo has established an efficient market monitoring mechanism to fully grasp the market trends and consumer demand by collecting and analyzing market data, competitor dynamics and other information in real time. Once there are new trends in the market or competitors adopt new strategies, Pinduoduo can respond quickly and make corresponding adjustments in product strategy, price strategy and promotion

strategy. Secondly, Pinduoduo pays attention to quick decision-making and execution. In the face of market changes, the platform can quickly convene relevant teams to discuss and analyze, formulate targeted coping strategies, and quickly put them into practice. This efficient decision-making and execution ability enables Pinduoduo to maintain a leading position in the market competition and seize the opportunities. In addition, Pinduoduo also pays attention to interaction and feedback with consumers, keeps empathy with consumers and listens attentively to their voices. The platform collects consumers' opinions and suggestions through user evaluation, customer service communication, etc., and timely understands consumers' needs and feedback. After receiving the feedback from consumers, Pinduoduo quickly analyzed and made corresponding adjustments to better meet the needs of consumers. This reaction strategy enables Pinduoduo to gain customers' recognition in the fierce market competition.

(3) Relationship strategy: deepen interaction and communication, and stabilize the relationship between users

As a representative enterprise of social e-commerce platform, Pinduoduo knows the importance of establishing a stable and lasting customer relationship for the long-term development of the enterprise. Therefore, the platform has invested a lot of energy in the relationship strategy, and strives to establish long-term and stable contact with consumers by deepening interaction and communication. First of all, Pinduoduo actively communicates with consumers through various interactive ways. Whether through the platform's messaging system, community or customer service team, Pinduoduo is committed to providing timely and professional services to consumers. The platform encourages consumers to put forward valuable opinions and suggestions, and at the same time actively responds to consumers' needs and problems, thus establishing a sense of trust and closeness with consumers. Secondly, Pinduoduo pays attention to providing consumers with personalized shopping experience, and encourages users to invite relatives and friends to join the platform through community marketing and sharing fission, so as to expand the scale of users. This personalized shopping method not only improves consumers' shopping satisfaction, but also further deepens the emotional connection between the platform and consumers. In addition, Pinduoduo also gives back to consumers by holding various promotional activities and giving away coupons, so as to enhance their loyalty and stickiness. The platform regularly launches various preferential activities, such as 10 billion subsidies, time-limited discounts, full discounts, etc., to provide tangible benefits to consumers. At the same time, Pinduoduo also pays attention to consumers' shopping experience and strives to provide consumers with a more convenient and efficient shopping process. This long-term interaction not only helps to maintain the relationship with consumers, but also brings more repeat customers and word-of-mouth communication to the platform. In addition, Pinduoduo actively fulfilled its social responsibilities and participated in public welfare undertakings, effectively enhancing its corporate image and social recognition. This strategy not only improves the satisfaction and loyalty of consumers, but also lays a good foundation for the long-term development of the platform.

(4) Reward strategy: realize win-win ecology and continuously create value increment.

Pinduoduo's return strategy is dedicated to achieving a win-win ecology among platforms, businesses and consumers, and consolidating and expanding its market position by creating lasting value. In practice, Pinduoduo first pays attention to improving consumers' shopping experience, and meets customers' different consumption needs by providing high-quality and cost-effective goods and services. This consumer-centric strategy not only improves consumer satisfaction, but also brings stable traffic and sales to the platform. At the same time, Pinduoduo actively optimizes the cost structure, reduces operating costs and improves profitability through refined operation and supply chain management, which enables the platform to achieve sustainable profit growth while maintaining price competitiveness. In addition, Pinduoduo also pays attention to win-win cooperation with its partners. The platform has established a close partnership with brands and suppliers to explore the market and promote products together to achieve resource sharing and mutual benefit. This mode of cooperation not only enhances Pinduoduo's competitiveness in the market, but also brings more

business opportunities and profit growth for its partners. On the basis of win-win development, Pinduoduo has continuously created new value increments to realize the common growth of enterprises and consumers. This strategy not only contributes to the long-term development of the platform, but also brings tangible benefits to consumers and partners.

5. RESEARCH CONCLUSION

In this paper, based on 4R marketing theory, Pinduoduo's marketing strategy is deeply studied, and Pinduoduo's strategy implementation in four aspects: relevance, response, relationship and return is analyzed. It is found that Pinduoduo has achieved the maximum satisfaction of consumers' needs and the goal of enterprise development and growth through accurate positioning, personalized marketing, quick response, stable relationship and win-win returns. The successful experience of Pinduoduo provides useful reference for other enterprises, and also provides a direction for future research. With the continuous progress of technology and the increasing competition in the market, Pinduoduo needs to deepen its understanding and application of 4R marketing theory. In the future, Pinduoduo can further utilize advanced technologies such as big data and artificial intelligence to improve marketing accuracy and efficiency. At the same time, Pinduoduo should also pay attention to the development of emerging markets and the cultivation of emerging consumer groups to cope with market changes and the diversity of consumer demand. In addition, Pinduoduo should strengthen cooperation and win-win with other enterprises to jointly promote the healthy development of social e-commerce industry.

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