

# *Marketing Strategy Analysis in the Digital Era*

## *— Taking Pinduoduo as an Example*

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**Abstract:** In this study, the researcher will assess the marketing strategy analysis of Pinduoduo, a Chinese e-commerce giant that, over the past few years, has gained prominence and increased its market share against traditional e-commerce companies such as Alibaba and JD.com. In this study, the researcher will examine the effectiveness of the evolving online marketplace, focusing on the company's unique business model and strategies such as time-limited instant kills and social media marketing to develop a better understanding of the impact and success of Pinduoduo's approach. The methodological approach that the researcher will use is a comprehensive literature review and the SWOT model to understand Pinduoduo's digital marketing strategies. The literature review approach will focus on the core business model of the company, while the SWOT model will be instrumental in analyzing market positioning and segmentation. The key questions in this study include: conducting an assessment of the efficacy of Pinduoduo's marketing plan; understanding its digital marketing trends; and drawing insights from global success stories in the industry. Pinduoduo's marketing strategies that have led the company to effectively engage users, specifically those from low-tier cities, include time-limited instant kills, daily cash rewards, and subsidies. The SWOT analysis has helped the company identify strengths, such as market differentiation, and weaknesses, such as high unit prices. In conclusion, Pinduoduo's success will be based on its ability to successfully navigate the sinking market and its successful utilization of its strategic innovations, making it a formidable player in the digital era.

**Keywords:** Marketing strategy, Digital era, Pinduoduo, SWOT

## **1. Introduction**

In today's business environment in the digital age, a marketing strategy is critical to a brand's success. With the rapid development of Internet technology, consumers' shopping behavior and market competition patterns have undergone profound changes. As one of China's e-commerce giants, Pinduoduo quickly rose to prominence in just a few years and successfully squeezed into the market share of traditional e-commerce companies such as Alibaba and JD.com. As one of the leading e-commerce platforms in China, Pinduoduo has quickly gained a foothold in the highly competitive market with its unique business model and marketing strategy. Pinduoduo has attracted a large number of users, especially in third - and fourth-tier cities and rural areas, through innovative strategies such as time-limited instant kill and social media marketing.

The purpose of this paper is to evaluate the effectiveness and influence of digital marketing strategy through in-depth exploration of Pinduoduo's digital marketing strategy.

This paper will use a literature review and SWOT model to study the positioning differentiation and market segmentation of Pinduoduo's digital marketing strategy.

Through a literature review and SWOT model, the core business model and digital marketing strategy of Pinduoduo are summarized, and the marketing plan of Pinduoduo is analyzed by the SWOT model. Secondly, it analyzes the digital marketing trends and challenges in the international market, as well as the success stories of other companies in the international market. Finally, the research results and discussion are summarized, and the suggestions and enlightenment for Pinduoduo and other companies are put forward.

## **2. Pinduoduo digital marketing strategy analysis**

### **2.1. Pinduoduo Company**

Pinduoduo (US stock code "PDD") is a Chinese e-commerce company founded in 2015 by Huang Zheng [1]. It offers a shopping platform based on the WeChat mini program and the Pindoduo APP. Unlike other e-commerce platforms, Pindoduo focuses on low-priced goods and mainly targets consumers in third - and fourth-tier cities. Users can get more benefits by inviting friends and sharing products. By the end of 2021, Pinduoduo's annual active users exceeded 770 million, and GMV (gross transaction volume) reached 1.7 trillion yuan. Part of Pinduoduo's success in the Chinese market is due to its social e-commerce model, which allows users to get more discounts and offers by sharing and inviting friends, thereby driving product sales and platform growth. Pinduoduo was listed on the US Nasdaq exchange in 2018, becoming the second largest transaction for a Chinese e-commerce company to be listed in the US at the time [2].

### **2.2. Time-limited instant kill**

The first position on the home page of the APP is a time-limited second kill, which has a huge first screen support traffic and is also one of the most popular channels of Pinduoduo. There are time-limited seconds and brand seconds to help merchants sell quickly. The second kill type requires the price of the commodity to be lower than usual, such as 0.01 yuan, which can kill ten eggs per second, and adds the function of countdown seconds kill off, increasing the user's sense of urgency to urge the user to finally place an order. The entry threshold of the limited time second kill activity is low, which can allow consumers to quickly experience the fun of buying, especially for those who want to seize market share as early as possible and those who need to change the season to clear inventory, which can effectively improve the ordering of products and bring them more personalized recommendation opportunities.

### **2.3. Get cash every day**

For social fission activities, the user will initially get a large cash red envelope but cannot withdraw it. They will need to use their own private domain traffic to invite friends to help. Friends help after the cash envelope continues to expand, and until the withdrawal threshold is reached, users can directly withdraw the activity red envelope to their bank cards. Users often start with a large amount of red envelope cash, and it is very close to the withdrawal threshold, such as the initial amount of 498 yuan or the withdrawal threshold of 500 yuan, giving users the illusion that they can quickly reflect, but in fact, the process is very difficult. Through strategic intervention, users keep inviting friends to help, prompting relatives and friends to download Pinduoduo, or log in Pinduoduo. The red envelope amount of friends' help starts with 1 yuan, followed by 0.00001 yuan.

Each activity will fail if it does not reach the threshold within 24 hours, and all existing red envelopes will be reset to zero [3]. For users, the whole process is the replacement of social relations and cash, while for Pin-duo, it is the replacement of marketing costs and user volume. There is also algorithmic strategy regulation, Pinduoduo to achieve low-cost "viral" user growth. On August 29, 2019, the activity of "Cash every day, payment seconds to the account" was officially launched, and was warmly welcomed by the majority of consumers. The APP's daily Active users (DAUs) climbed rapidly, reaching 17 million DAUs on day seven, an amazing achievement.

#### **2.4. \$240 billion subsidy**

In 2019, Pinduoduo launched an e-commerce war called tens of billions of subsidies, where consumers can obtain actual handprices lower than the market prices on the platform, from large digital appliances to small snacks and fresh and daily necessities, a wide variety of goods participating in the activity. Pinduoduo has attracted consumers by providing billions of dollars in subsidies and implementing a drastic price reduction policy. Compared with synchronous subsidy activities, there are two biggest differences, first of all, direct subsidies from the price of goods, which all users can enjoy, can be superimposed with coupons and other marketing tools, and the preferential intensity is real. Secondly, the overall packaging of the concept of "10 billion subsidies," with the financial report inside the actual marketing costs of more than 10 billion, creates a very strong perception of price concessions for users, so that users imperceptibly perceive "Pinduoduo every day to take 10 billion activities" and "Pinduoduo is very cheap." The daily use of "10 billion subsidies" in Pinduoduo reaches 100 million, including 2,800 well-known enterprises from around the world and 23,000 popular new products [4].

#### **2.5. Shake the cash**

In the alienated version of "cash every day," in the cash activity in the shake, there will be an initial red envelope and withdrawal threshold, but the friend power is achieved by opening the Pinduo APP together to shake the phone, so the process of power will be more interesting and interactive because the user needs to face-to-face and shake the phone, which is more expensive than clicking the phone. So the magnitude of the whole event is much less than "cash every day", but a more interactive shake has advantages in some scenarios. For example, in festivals such as the Spring Festival, there are more scenes of friends and relatives sitting together, and there is more leisure time, so it is very suitable for shaking the activity situation. In recent years, the Spring Festival, Pin-duo cooperation with major satellite TV Spring Festival Gala, and live at the same time, the host and TV viewers have been shaking mobile phones to distribute red envelope welfare. To see the Spring Festival Gala, who want to get red envelopes, they need to download the Pin-duo APP shake together. This marketing method has become one of the important ways to expand the user scale.

#### **2.6. Bargain for free**

This is the familiar "cut a knife", the essence is also the user with their own private domain traffic to invite friends to help, but the main body of the activity is a commodity, each help a success, the price of the commodity can be a little cheaper, of course, the specific price decline is determined by the algorithm, the general bargaining activity began each "knife" can cut a lot of money, the later is very little. Bargaining is not a Pinduoduo patent, many Internet companies are using bargaining, but Pinduoduo is undoubtedly the strongest one. Pin-many put a lot of the unit price of thousands or

even tens of thousands of goods into the bargaining activities, and can be directly cut to 0 yuan, this contrast greatly stimulated the enthusiasm of users to participate.

## **2.7. More orchard/More love elimination**

"Duoduo Orchard" is a new e-commerce shopping form of Pinduoduo that combines traditional shopping modes with modern casual games so that consumers can buy more convenient shopping methods online and make the shopping process interesting. The gameplay of "many orchards" includes: complete the game to get preferential rewards, and in turn, sharing, browsing, and trading in the game can collect more water droplets, and when these water droplets accumulate to a certain number, they can be exchanged into physical fruits. Elimination is a mature match-three game in the game industry. The user in the game will click on the same three elements to eliminate, and when the element is eliminated through dynamic processing to give users a sense of enjoyment, completing all the elimination tasks can unlock new levels and rewards. Pinduoduo will plant trees, Xiaoxiao music and other mature light leisure entertainment into the APP, the game and its own business perfect integration, such as the task in the game, Pinduoduo set the task goal to browse the product page for 60 seconds or pull 5 friends to help, using the appeal of the game itself to complete low-cost user acquisition and GMV growth. And the game itself will occupy a lot of time for users, the longer the user in the game, the longer the active time in the Pinduoduo APP, the greater the probability of forming a purchase behavior in the game process.

## **3. SWOT analysis of Pinduoduo marketing strategy**

In combination with the objective situation, the SWOT model is used to sort out the research conclusions of Pinduoduo and find out the innovation logic of Pinduoduo's marketing strategy: find the business value through the real scene, then mine the target users from the scene, and tailor the marketing strategy for the target users.

### **3.1. Strengths**

Pinduoduo in fruits, vegetables, beverages, daily necessities, and other low-unit prices has completed the supply chain barriers, ahead of Taobao and Jingdong. Pinduoduo has created a number of marketing activities, especially the community fission of private domain traffic and gamification marketing. Compared with traditional e-commerce, Pinduoduo can acquire users at a lower cost and faster speed. With the help of category and marketing innovation, Pinduoduo has established a dominant position in the sinking market. Although Pinduoduo is growing rapidly as a whole, its target customer base in first-tier and second-tier cities is not as good as Jingdong by 2018, but it has achieved a reversal of Jingdong in third-tier and following cities.

### **3.2. Weaknesses**

Pinduoduo's disadvantages in categories are also obvious, and the "three high" categories with high unit price, high quality requirements and high style requirements such as digital, household appliances, clothes, and maternal and infant products are obviously short boards. Pinduoduo's overall product quality and service quality need to be improved, and there is still a gap between merchants and platforms compared with Taobao and Jingdong, and the negative quality also directly leads to the reduction of users' willingness to re-purchase, thereby reducing the overall platform transaction GMV. Pinduoduo also often broke out quality negative news, such as the problem of cottage brands broke out public relations events. Fission activities in order to control costs need to use algorithmic control strategy, it is also mentioned earlier that at the beginning of

the activity, each power can get 5 yuan, and then each power is only 0.00001 yuan, such strategies will also lead to negative emotions of users who participate in the activity, and eventually spread to large public opinion risk. For example, in March 2022, a live anchor participated in Pin-Duodo bargaining activities, and 60,000 users were still not successful in bargaining, resulting in a "60,000 people bargaining" public opinion event, and it spread wildly in major media reviews, causing collective ridicule among netizens [5].

### 3.3. Opportunities

Under the influence of macro economy, the penetration rate of mobile Internet among the sinking population is still growing, with the per capita monthly usage time increasing by 10.9% and the per capita monthly usage times increasing by 12.5% [5]. With the improvement of the national express delivery infrastructure, the convenience of express delivery is stronger than it is now. Therefore, the number and duration of the Internet in the sinking market will certainly be solid orders, which is very opportunity for Pinduoduo to contribute more commercial value with the advantages of the sinking market. Pinduoduo can make use of its advantages in the sinking market to contribute more business value. Not only in the strong sinking market, with the impact of the epidemic on the economy and consumption, merchants are more in need of more channels to establish links with consumers to complete marketing and transactions. This environment is conducive to Pinduoduo to improve the quantity and quality of merchants on the platform and complement the inferior categories. Especially high-quality brand merchants. With high-quality categories and merchants, more needs of users can be directly met in Pinduoduo, especially those users who use Pinduoduo, Jingdong and Taobao at the same time, which will provide more space for Pinduoduo competition.

### 3.4. Threats

The competition facing Pinduoduo will be more intense, including not only the existing Taobao, Jingdong, but also new e-commerce forms such as live streaming. Taobao and Jingdong are trying to improve their competitiveness in the sinking market, they respectively launched Taobao special version APP, Jingdong speed version APP and Jingxi APP, in order to resist the category, marketing and market advantages that Pin-duo has formed in the sinking market. The new APP will weaken the positioning differentiation of the two sides, increase the competitive advantage of Taobao and Jingdong, and force Pinduoduo to face more brutal competition. At the same time, the new model of live shopping has emerged. First, this shopping model will attract users' attention and traffic, compete with Pinduoduo at the source, and break the social shopping and gamified shopping experience created by Pinduoduo. Secondly, live shopping has led to the extension of e-commerce again, and large-traffic short video platforms such as Tiktok and Kuaishou have also entered e-commerce, intensifying competition in the industry.

## 4. Conclusion

Through SWOT analysis, we can clearly see that Pinduoduo's differentiation lies in finding a scene, that is, users' daily necessities and food procurement, which can be first called "offline market". This scene has not been well met by traditional e-commerce before, and the offline proportion is very high. Pinduoduo has done "consumption upgrade" for users in this scene. Allow users to realize their needs from the Internet. And this scene is a broad concept, scene users have a lot, different from the traditional narrow sense of "village", "offline market" exists in the first and second line contour cities, but also in the sinking market, but the sinking market space is broader, the crowd is enough, the basic water level is low enough. Although the users of the sinking market are one of the largest groups of target users, family income is limited, and every day in the offline

"market," they shop around. Prices are price-sensitive, but time is sufficient. But there is no shortage of users of a second-line, well-off family who originally needed to go to the supermarket, and now that the online order to buy a roll of toilet paper can be a cheap one-piece, they will choose to order online. Therefore, Pinduoduo locks the sinking demand, not just sinking users, which also explains why many Pinduoduo users are also using Taobao and Jingdong. Finally Pin-duo around their own target users, especially the sinking market users, users to complete the purchase and activate the business, and eventually become a closed loop of business and rapid growth. Of course, at the same time of successful differentiation, there will naturally be shortcomings in the advantages of traditional e-commerce giants. If you want to achieve a greater business share, you should take advantage of market opportunities, treat market threats cautiously, and actively innovate marketing strategies.

In this paper, the digital marketing strategy of Pinduoduo Company is deeply discussed, and the SWOT model is used for in-depth analysis. Pinduoduo's digital marketing strategy has achieved remarkable results in promoting brand awareness, increasing the number of users and increasing sales. Social shopping experience, special promotions and limited-time instant kill promotions have brought market competitiveness to Pinduoduo and improved user stickiness. Taobao special version APP, Jingdong speed version APP and Jingxi APP are currently fighting against the category, marketing and market advantages that have been formed in the sinking market. The new APP will weaken the positioning differentiation of both sides, increasing Taobao and Jingdong.

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