

The Impact of Viral Communication on the Marketing Strategy of Enterprises

- A Case of Buy Together

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Abstract: Currently, Buy Together is the second largest e-commerce platform in China after Taobao. From an obscure online shopping platform to the second largest e-commerce platform in China, Buy Together's marketing approach, especially the use of viral marketing, is worth studying and learning from. The marketing path of Buy Together has not been systematically studied. Therefore, this thesis will use Buy Together as a case study to examine the key to Buy Together's success. The focus of this paper will be on what role viral marketing models play in the promotion of e-commerce platforms and online shoppers, whether it is good or bad, and how to properly select and use the right marketing methods. The support for this thesis comes mainly from media reports, journal literature, etc. Information is mainly available through Google Scholar, online media platforms and China Knowledge Network. Ultimately, it has been proven that viral marketing can be extremely beneficial to users initially, but failure to shift the marketing model in time can backfire. It is important to use the right marketing approach at the right time.

Keywords: buy together, viral communication, marketing strategy, social networks, online shopping

1. Introduction

Since the emergence of Taobao, many large and small e-commerce platforms have emerged in China, such as Jingdong and the Red Book. In particular, in 2014, Jingdong and Alibaba were listed in the US and ranked among the world's ten largest Internet companies by market capitalisation, with Alibaba becoming one of the world's ten Internet companies, with Alibaba becoming the world's largest e-commerce company in the world [1]. According to the Securities Daily, by the end of 2021 Buy Together's annual revenue was RMB 93,949.9 million; annual R&D expenses reached RMB 8,992.6 million, up 30% year-on-year; and the number of annual active buyers reached 868.7 million, up 10% year-on-year. for the full year of 2021, Buy Together's multi-year turnover (GMV) was RMB 2,441 billion, up 46% year-on-year [2]. There must be something unique about Buy Together that makes it stand out from the crowd and become the second largest e-commerce platform in China. It is therefore worth examining the way in which Buy Together has succeeded. Currently, most of the literature studying Buy Together rests on its contribution to the

development of Chinese agriculture and the sale of agricultural products, while others focus on the innovation of its business mechanism. However, this essay will focus its discussion on Buy Together's marketing techniques, particularly its use of viral communication. Putting the spotlight on Buy Together's unique market positioning, the marketing decisions made based on this market positioning and the results achieved. The purpose of this paper is to demonstrate that viral communication can attract a large audience in a short period of time and can bring a certain amount of popularity and revenue to a company, but excessive communication can be offensive, so the degree of use is very important. The aim is to give some online retailers or video producers a usability marketing guide that analyses how to maximise their strengths and minimise their weaknesses.

2. The Development of Buy Together

Buy Together was founded in 2015, far later than Alibaba, which was founded in 1999, and Jingdong, which was founded in 1998. With the spread of mobile smart devices, e-commerce transactions on mobile have grown from less than 2% of total volume in 2011 to over 70% in 2017, with annual growth of over 50% [1]. In addition to this, Sina Finance's report shows that the total volume of e-commerce transactions in China grew from RMB 588 million to RMB 37 trillion in the period from 2011 to 2018 [3]. Thus, Buy Together was born in the most competitive era of e-commerce in China, which is undoubtedly both a competition and a challenge for it.

Initially, the company launched its first online shopping app Pin Hao-huo, which focuses on fruit and fresh produce group buying. Users can invite their friends for group buying through social platforms such as WeChat group and circle of friends, and the order will be successfully placed when the required number of people is reached, and users reach the purpose of buying fruit and fresh produce at low prices. Subsequently, the company changed its collocation platform to what is now known as Buy Together and repositioned the app. The company eventually positioned Buy Together as "a new e-commerce platform dedicated to providing value-for-money products and a fun and interactive shopping experience to the widest range of users" [4]. In July 2018, Buy Together was successfully listed on the NASDAQ in the United States. The 2018 e-commerce industry research report shows that in November 2018, Poundudo's DAU exceeded 60 million, while its MAU ranked second in e-commerce apps with 280 million, while Mobile Taobao ranked first with 540 million and Jingdong ranked third with 260 million. According to Buy Together's second quarter 2022 financial results released on August 29, its revenue for the second quarter was 31.44 billion yuan, up 36% year-on-year [5]. It has grown far faster than any other e-commerce platform in China and has become a well-deserved dark horse.

3. The Marketing Model Features of Buy Together

A look at Buy Together's journey along the way reveals that they have adopted a number of marketing models in a bid to reach the market and make their software and sales platform more accessible to a wider audience. The study will later focus on two of the more typical marketing models they employ and analyse the impact these two research models have had on the development of their company's operations.

3.1. Precision Marketing

Buy Together emerged at a time of intense competition in China's e-commerce industry, and in order to stand out, the company implemented a precision marketing strategy. They have repositioned their audience, focusing on the third and fourth tier female demographic in order not to compete head-on with Taobao, Jingdong and other e-commerce businesses that point to the metropolis audience. According to the survey, more than 70% of Buy Together's audience are women, 65% are from third and

fourth tier cities and 65% are from first tier cities. The age distribution range is between 19-45 years old [6]. This segment of the audience is most focused on the pursuit of good prices, but not on the quality, quality and brand of the products. They have therefore tailored their offer to the psychological profile of their audience by reducing the price of their products and focusing their sales range on fresh fruit.

At the same time, Buy Together has solidified the positioning of its own platform. They play on the psychology of their audience to constantly reinforce their "group" character. For this reason, they have divided the shopping patterns into three. The first model is the one used by most e-commerce platforms, which means that users can purchase any product individually by themselves. The second and third models are a tie-in model, where the user initiates the collocation and participates in the collocation respectively. The page will show you the price for individual purchases and the price for a group order, which is relatively higher for individual purchases and lower for group orders. However, there is no difference in price between initiating a collocation and participating in a collocation, and users can choose to participate in either mode at will. Most users, after receiving a price incentive, opt for the collocation model in pursuit of a better price.

In addition, Buy Together will use big data to analyse each user's preferences and direction of concern. Based on this data acquisition and analysis, they can accurately push products that users may be interested in or like to the user's homepage to induce or stimulate potential purchases. Certainly, this approach has, been adopted by most e-commerce platforms.

3.2. Viral Marketing

The marketing role of viral marketing has been decisive in recent years [7]. Buy Together made good use of this theory and seized the opportunity perfectly. First of all, every time a new user signs up, a screen will automatically pop up on the platform's homepage for WeChat to receive 100 or 200 RMB for free. When the user clicks in and keeps drawing to complete the task, and when the amount is raised to a certain amount and is seemingly one step away from receiving money from WeChat, the number of times the user has drawn will be used up and the user will only have the option to share it with others, and only when others help you click into the link being shared will the user get the number of times they have drawn. Buy Together uses this to entice users to keep sharing links to their websites or apps with others so that more people will know about them and use them.

Secondly, they also offer free or low cost access to goods. However, actually acquiring the goods is certainly not that simple. Users need to keep inviting people to help them click into the link to help them cut the price, and to reach the target amount of acquisition, they need to invite a large number of people to help them. Moreover, the user can only buy the product at a low price if he reaches the target amount, and if he gives up in the middle, he still has to buy it at the original price.

Buy Together not only perfectly exploits viral marketers' consumer demand psychology, but it also satisfies their altruistic and need to belong, because when others click on the link, they also get the opportunity to get free products or withdraw cash, and they feel needed by others and that they can help others [8]. While, users will keep sharing the link to ask others for help in order to achieve their goal, and information about Buy Together will keep appearing in everyone's life, and all will know and understand this e-commerce brand, thus reaching a fission.

4. The Meaning and Considerations of Using Viral Marketing

Buy Together's marketing strategy has certainly had many benefits in their early stages of development. Firstly, accurate user profiling and targeted placement will allow to attract a large number of potential users. This group of users starts using their platform, participating in events or projects that they have developed and inviting new users to join. Thus, these users are attracted to products with

better prices relative to other platforms, even if they do not participate in the campaign after registration. The platform is also successful in attracting and retaining customers. The platform is also successful in attracting and retaining customers. The data shows that in 2019, Buy Together achieved a turnover of 100.66 billion yuan, with an annual active buyer base of 585.2 million on the platform and annual revenue of 30.14 billion yuan [9]. There is no doubt that Buy Together has successfully used marketing to grow rapidly and become the second largest e-commerce platform in China.

However, this unique approach to marketing can also bring some drawbacks. Once the platform has a large and regular audience, it needs merchants who offer goods and services to that audience. As a result, the platform adopts a zero commission policy, meaning that the resident merchants do not need to pay commission to the platform, but some other e-commerce platforms charge a commission of 2.5% [10]. Thus, a large number of merchants have moved in, and although the products are becoming more diverse, there is no guarantee of quality or authenticity. What's more, while the constant increase in users through customer shared links has made the platform much better known, this visibility is not entirely positive. The interpersonal network of people is intricate, and when some potential users keep receiving cut-price and sweepstakes messages from other people's Buy Together, some of them will inevitably become disgusted after receiving the bombardment of messages and thus develop a bad feeling towards the brand. As a result, Buy Together's brand credibility can be significantly discounted, and when reputation is affected, it can constrain the subsequent development of the platform.

Reliable products and attentive service are the basis for a brand's success. When the cornerstones are in trouble, it is difficult for the brand to continue to grow. This is why it is imperative for Buy Together to overhaul the platform's resident merchants, clear out unqualified products and unscrupulous merchants, strengthen the platform's internal supervision, collect user feedback and suggestions, provide a better shopping experience for the platform's loyal users, and eliminate concerns for potential users.

In addition, the pool of users tapped with viral marketing is nearly saturated, and continuing to use this marketing model will only do more harm than good, not only failing to attract users, but only pushing the audience further and further away. Based on this, the platform is supposed to take two steps. The first step is to change the existing activity mechanism of the platform. However, nowadays, the platform's offer mechanism is such that user engagement is high, but the probability of actually being able to take advantage of the relevant offer is extremely low. For this item, platforms should plan their offers wisely so that users can really enjoy lower prices and win back their trust. The second step is to optimise the marketing model now used by the platform. The purpose of viral marketing has been achieved, and changing this aggressive marketing model to a more conventional and gentle approach is more acceptable to potential users. Focusing their marketing channels on formal TV commercials or various short-form social video platforms, such as the one they now use to title various variety shows to achieve promotional awareness. Short videos and various kinds of variety shows are the main positions of young people, using them as a position for marketing can win the goodwill of young people faster and expand the user base of young people. Young people are the perfect target audience for Buy Together.

5. Discussion

Buy Together's marketing strategy, while not perfect, has achieved amazing results in its early days. It also offers new marketing ideas to domestic and international e-commerce platforms that just need to be critically learned from. The environment in which Buy Together was born did not allow it to take a gentle approach to spreading its brand from the start, since if it did not promote itself in a lukewarm manner, the platform would have ended up being no different from other small e-commerce platforms. The only way to attract the attention of the audience is to be fiercely offensive, to catch their

attention in the first place, to take advantage of the psychological characteristics of people who prefer novelty and to make the features of the platform spread successfully. However, the platform cannot give up the control of product quality because of the audience positioning, because the low price is more important to focus on the quality of the product and after-sales service. Certainly, high quality here does not mean that the product needs to be comparable to higher priced products, but rather that it is value for money. Ensuring that users buy a satisfactory and highly available product will ensure customer loyalty. After successfully expanding their footprint, e-commerce platforms need to pay attention to the maintenance of their brand reputation, i.e. a proper moratorium on the use of viral communication models. Platforms can use conversions to gentler, more accessible marketing strategies to yank audiences back over the borderline of disgust. This new marketing strategy should be based on the current state of development of the platform and the positioning of the platform, focusing on who your own audience is, what your own audience will like and what the needs of your users are.

6. Conclusion

In summary, viral marketing is an excellent option for e-commerce platforms under certain conditions. E-commerce platforms can use it to quickly capture the attention of their audience in the midst of fierce business competition, setting themselves apart in the race for the eyeball economy. However, there are no absolutes and viral marketing needs to be used in moderation; overuse will only bore users and potential customers. Instead, it can constrain the subsequent development of the business. Similarly, a marketing strategy cannot be applied to all brands. Brands need to adopt a strategy that makes sense and appeals to their audience based on their environment, product positioning and user profile. The second thing is that the brand's marketing model should be unique enough. Among the many e-commerce brands in China, only Buy Together has boldly tried viral marketing. The number of potential users is fixed and if all brands adopt this model, the marketing effect that can be achieved will be greatly reduced. This paper focuses on the more representative marketing models used by Buy Together, but a complete study of the Poundland marketing path is still lacking. It is necessary to conduct a more in-depth study on when and how to transform the viral marketing model for the various e-commerce platforms in the market.

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