

Analysis on the Marketing Strategy of Taobao under the Background of the Era of Internet

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ABSTRACT

The advent of the Internet era has given rise to a large number of online sales platforms. In this paper, the author analyzed the marketing approach of Taobao, a company owned by Alibaba (especially during shopping festivals), in the Internet era through SWOT analysis. According to the analysis result, the strength of the marketing strategy of Taobao is its rapid development of the Internet, suitable geographical environment and the accuracy of big data analysis. Its weakness are the price differentials and system stability. Besides, the opportunities of Taobao are the gradual expansion of the market size and the improvement of the young group's consumption power. At last, competitors and consumer privacy issues are the threats that Taobao is facing. The results show that although Taobao's online marketing in the Internet era has certain weaknesses and threats, its strength is an important reason for Taobao's huge profits.

Keywords: *Marketing strategy analysis, Internet, Case study, Alibaba*

1. INTRODUCTION

In the modern market economy, enterprises have to pay attention to the vital role played by marketing in the development of enterprises[1]. The market is the battlefield of the enterprise struggle, good marketing to attract enough traffic, occupy a larger market share, and stabilize the existing market section. Then, the enterprise will be able to ensure not to be eliminated by the cruel market, to survive and develop effectively. However, with the development of science and technology, the advent of the era of big data and Internet make the role of traditional marketing model seems to be greatly weakened. The traditional marketing strategy, which is based on traditional TV advertisement, magazine propaganda and giving out pamphlets, has a very limited economic effect on enterprises. In the context of the new era, the development of the Internet can not only change the business model of enterprises, but also gradually increase the positive impact of the Internet and big data on enterprise operation in the process of practice[2]. Therefore, how to improve the level of enterprise marketing through the Internet and big data, ensure the efficiency of enterprises to occupy the market, and achieve the target requirements is particularly critical. Meanwhile, the change of consumer psychology is what

businesses need to figure out, which is called behavioral economics in economics. Behavioral economics is the study of psychology because it involves the economic decision-making process of individuals and institutions[5]. Therefore, how to make consumers not so rational in consumption is the business marketing needs to analyze. This article takes Taobao, an Alibaba company, as an example and examines how the company's marketing during the Double Eleven shopping festival and 618 shopping festival, mainly in the form of gamification (friends teaming up to build buildings, teaming up to raise cats to PK, etc.), has brought benefits to the company compared to traditional marketing in the past. The main analysis tool is SWOT analysis.

2. LITERATURE REVIEW

In many existing market research and analysis, scholars' marketing analysis strategies for shopping malls have been unable to meet the requirements of the Internet era. Therefore, it is necessary to carry out marketing strategy in the era of big data. Using a Singaporean architecture firm as an example, Sui Peng, Shang and Matin (2016) argue that although marketing is a well-known element of successful practice, architects are not yet fully convinced of its potential [6].

The findings show that the adoption of 'marketing concepts' in the construction industry is still in its formative stages. Architectural firms, particularly small and medium-sized architectural firms need to leverage business knowledge in this area to influence, control and understand the market to remain financially viable. Although little attention is paid to measuring the performance of marketing results, almost all respondents and interviewees acknowledge its growing importance. As the level of corporate governance increases, these companies are beginning to realize the importance of marketing and are beginning to evaluate their practices in order to navigate the market toward success. This initiative marks a positive step in bridging the gap between architectural practice and design. Meanwhile, marketing not only be applied in the corporate environment, but it is also used in the nonprofit environment. Although the activities of nonprofit organizations are very different from those of business-oriented companies, marketing activities and tools are used to improve the overall progress of nonprofit organizations, even in the case of nonprofit organizations [7]. The process of globalization, drastic and frequent changes, and the increasing importance of knowledge application through the successful implementation of innovations largely determine the development of the new economy. Dejan, Slavica and Nemanja (2014) pay special attention to the analysis of marketing innovations and their increasingly significant impact on the process of achieving sustainable competitive advantage for companies [4].

3. DESCRIPTION

Taobao use a large number of mini games to attract customers to participate during the Double Eleven. For example, teams of five to six people were required to come together to build buildings online, and teams were randomly matched every night for a building master race. Each team member is required to find other customers to help, and the winning team will receive a Taobao shopping allowance for each competition, while the losing team will surrender the shopping allowance it has received. Therefore, in order to win the competition, customers go around looking for friends to help build buildings. Invariably, they do publicity and marketing for Taobao's shopping festival. This is very different from the traditional marketing in the past, the merchant will use the customer as a medium to use the customer's preferential shopping psychology to induce customers to unconsciously help the merchant publicity. At the same time, then use big data to place the customer's favorite products on the home page, so that customers unconsciously look more and order. According to the Company's quarterly earnings reports for 2020 through 2016, the Company's net profit margin was higher in the second and fourth quarters for the most recent five consecutive years, in large part due to the contribution

of the Taobao online sales platform for the 618 Shopping Festival and the Double Eleven Shopping Festival. This is a good reflection of the success of marketing strategies in the Internet era.

4. METHODOLOGY

SWOT analysis is a planning and brainstorming tool that helps people evaluate a business idea or project or develop a business plan. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. People use this method to understand the internal strengths and weaknesses as well as the external opportunities and threats of a business. This analysis can provide people with ideas on how to improve their business and can also help them determine the performance of a new business [3]. For Alibaba, it is to analyze the company's own marketing situation and the opportunities it has, as well as the risks and threats it may face, and to adjust the direction of the company's marketing development based on the information obtained, so as to enhance the ability of the company's resources to effectively avoid risks, and to place the company's resources precisely at the point of opportunity, thus increasing the actual benefits of the company and helping the company to plan the best.

5. SWOT ANALYSIS

5.1. Strengths

5.1.1. External Strengths

From the company level, Alibaba is headquartered in Hangzhou's West Lake District, which has the advantages of geographical location and talent and a good environment for e-commerce development. Firstly, Hangzhou has a large number of professional e-commerce practitioners, which can meet the demand of Alibaba for talent development. At the same time, the university will train a group of students engaged in e-commerce every year. In Hangzhou, there are often all kinds of professional e-commerce training, which is good for improving the work ability and sales ability of employees. Secondly, the proximity to suppliers not only saves time and expenses, but also speeds up the procurement of products and keeps regular contact with suppliers. Finally, with a perfect logistics system, major logistics companies facilitate Alibaba's product delivery, and major logistics companies can use the monthly settlement method to improve the efficiency of delivery.

5.1.2. Internal Strengths

From the marketing level, In the current era of big data, information is being delivered and analyzed faster and in greater detail. Marketing in these changing times has the following unparalleled advantages:

5.1.2.1. International Corporate marketing

In the context of the big data era, domestic communication has been strengthened, as well as the interaction between foreign and domestic. The Internet enables the circulation of domestic and foreign goods and the sale of products abroad. At the same time, due to the emergence of the Internet, foreign brands are well received on websites, and customers from other countries become potential consumers. Based on this, the marketing department of the company can seize the opportunity to realize the development of domestic and foreign double cycle.

5.1.2.2. The expanding enterprise marketing

In the traditional enterprise marketing process, due to the limited marketing means, the marketing means of physical stores can only be carried out by distributing leaflets or putting products out of the stores in the form of big sales and promotions. In the Internet era, the scope of marketing has been expanded from offline to online, giving marketing a broader scope. For offline stores, it is possible to transfer customers from brick-and-mortar stores to online by setting up an online shopping platform, allowing customers to buy online as well as offline. The advantage of this approach for offline stores is that customers have concerns about the quality of products available online, especially if they need a product urgently, and the online order is obviously not enough to meet their needs, while offline stores can quickly find the product they need. The customer has trust in the store's brand and then buys online, which can completely replace the advantages of other platforms. For online purchases, as long as there is a society, there will be marketing, and as long as there is demand, there will be development. Therefore, marketing will be available on all shopping platforms.

5.1.2.3. Precise targeting of customer groups

Marketing in the online environment offers a wider range of marketing channels, but the targeting of customers has become more centralized. Because big data accurately analyzes customer needs, eliminates customer doubts, and reduces the time to think about the transaction. No matter how the marketing direction of the market changes, meeting the needs of customers remains the same. People are not always rational when it comes to economic activities. Especially for female consumers, Taobao makes good use of this to stimulate consumers to place orders with passion through means such as limited time offers during live streaming. Meanwhile, through methods such as deposits to increase the cost of returning goods to consumers.

5.2. Weaknesses

5.2.1. External weakness

However, the benefits of the Internet are accompanied by disadvantages. The biggest problem facing marketing in the era of big data is the problem of price competition, especially in the case of large promotions, if there is a price gap, then a large number of customers will be lost. It is because in the process of market competition, all the prices are presented on the website, so it will make the vicious competition arise, some businesses have to reduce the price of sales in order to get more customers, and even a loss.

5.2.2. Internal weakness

At the same time, Taobao has system stability problems, product problems, and after-sales service problems. In a short period of time, a large influx of customers causes the system to go down, which happens almost every year. Once these situations occur, it will greatly diminish the shopping experience of consumers.

5.3. Opportunities

In the current trend of rapid development of the Internet economy, Alibaba's online marketing mall has unprecedented opportunities. First, the local government will have certain policy support for the development of e-commerce companies, the provincial government of Zhejiang Province proposed to vigorously develop e-commerce services and build an e-commerce service system. Secondly, free from the constraints of space, Internet-style marketing can easily expand the marketing scope of goods. The rapid development of smartphones, coupled with the gradual change in users' shopping habits, has provided unlimited business opportunities for Internet merchants. 2020's Taobao Double Eleven turnover alone reached 498.2 billion yuan, an increase of 85.6% over the previous year. This shows that the development of the Internet and mobile terminals will certainly bring huge profits to the Internet marketing platform with Taobao as the main type.

At the same time, the merchant's marketing strategy is also very successful, by analyzing the consumer behavior of mainly young consumers and using tense and exciting games to motivate consumers to promote the merchant for more offers. On the one hand, the marketing is entertaining, making it seem less deliberate. On the other hand, the analysis of big data is used to recommend the products that customers like. Taobao will continue to lead the way in the future of business development.

5.4. Threats

The threat to Alibaba comes from two main sources, itself and its competitors. In terms of competitors, Taobao is unclear in its marketing scope, as too many kinds of goods make it look like the marketing direction is unclear. Among competitors who also market in an Internet-style way, such as JINGDONG, with a focus on digital products, is a digital sales network platform with a platform-wide guarantee of authentic products. VIPSHOP, a beauty sales network platform with genuine beauty products as its main marketing direction. In comparison, Taobao's products appear to be numerous and redundant. At the same time, due to the increasingly wide range of vicious competition in the market, many businesses in the marketing strategy are the same marketing model, or take the vicious marketing model, which will lead to the interests of the enterprise itself is affected.

Moreover, it comes from the disadvantage of the platform's own marketing approach. Because of the analysis of big data, customers have a feeling of being watched. It is as if consumers do not have any privacy to shop, and what they think is revealed on the web by big data. Additionally, there are many customers who are constantly harassed by their friends for playing games. When friends find them, they have to do things they do not want to do for the sake of friendship. Therefore, there are many complaints about the marketing mechanism of the platform. Some people even believe that it has constituted illegal marketing.

6. EVALUATION AND RECOMMENDATION

From the results of SWOT, overall Internet-style marketing has more strengths than weakness and more opportunities than threats. Undeniably, despite the problems with Taobao's marketing model such as privacy and price discrimination, sales are the most convincing evidence. The high sales prove how successful the Internet-era marketing approach is and how it cannot be replicated. Therefore, how to retain the effectiveness of existing marketing and further enhance the customer experience is something that modern Internet businesses need to think about.

For example, in the price gap, Taobao should increase the price of regulatory mechanisms to comply with the marketing brought about by the flow of customers, not only to attract guests but cannot retain guests. Reduce the emergence of vicious competition by regularly spot-checking merchants' prices. During major shopping festivals, Taobao should regulate merchant prices to prevent false bargains. At the same time, it should reduce the excessive intervention of big data and give customers more freedom of choice instead of just recommending what they like and making them feel that

their privacy is being violated. Additionally, for the gamification of marketing methods, Taobao should pay more attention to customer game experience and reduce meaningless game competition. For example, recommending more people, browsing useless pages, etc. As for the customer's consumption behavior, it should seize the consumption psychology of young consumers and let them make not very sensible consumption behavior to maximize the merchant's benefit. But must be within the appropriate range, resist violent marketing and forced shopping and other behaviors.

7. CONCLUSION

As the effectiveness of traditional marketing strategies, new Internet-mediated marketing methods are gradually taking over. Among them, Taobao, under Alibaba, as the largest Internet sales platform in China, is worth to be studied for its marketing approach. After SWOT analysis, this paper analyzes four aspects of Taobao's marketing model during the shopping festival. In terms of strengths, the company's own geographical location and talent advantages provide a convenient environment for the company's marketing. Meanwhile, the advantages of the Internet itself make the company gradually internationalized and scaled up, and big data makes the company more accurate in targeting customers. In terms of weakness, the company cannot control the market price well so that the price difference has lost consumer confidence. Meanwhile, how to keep a stable system is what Taobao should think. From the perspective of opportunities, Taobao uses the Internet as a medium to ignore the sales obstacles brought by space. At the same time, by analyzing the shopping psychology of consumers to better market the products. In terms of threats, from competitors and customer privacy and other issues, Taobao should make corresponding changes to better adapt to the future changing trends.

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