

Déjà vu: A Case Study in Marketing Mix Problems

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ABSTRACT

As technology has been highly enhanced, online product is progressively taking over offline product in most countries. Bookstores are one of typical products that meet the trends. Increasingly, more bookstores are transferring their focus from offline to online. However, it doesn't mean to give up all their offline services. This paper is mainly about Déjà vu, a Chinese company founded in 2017 aiming to promote the circulation of second-hand recycling services for books and durable consumer goods. Founded five years ago, Déjà vu is a young company which needs to improve its marketing strategy and extend its market share in the online bookstore market. This paper uses case study method to find out Déjà vu potential problems and proposes practical solutions to these problems. Specific methods used in the paper include marketing mix, STP analysis, perceptual map etc. The figure is used to compare Déjà vu with other competitive rivals. The early conclusion is drawn that Déjà vu's place strategy and promotion strategy need to change immediately to respond to consumer's needs. Compared with other competitors, Déjà vu's offline bookstores are so small, which leads to an inefficient advertisement effect. The brief solution to these problems is to open more offline bookstores and advertise on video websites like Bilibili and iQiYi. On this path, Déjà vu can make a greater profit and take a larger market share in developing online and offline bookstore market. With the blessing of better market strategy, Déjà vu can have a better market provision in the near future.

Keywords: Bookstore, Online, Marketing, Déjà vu

1. INTRODUCTION

With the development of technology and the spread of COVID-19, online shopping is becoming more popular. Under these circumstances, Déjà vu, an online bookstore, has become one of the most popular bookstores for young people in China. This is not only because of its elegant and stylish style loved by many hipsters, but also because its book quality is acceptable. Thus, this paper uses the case study method to analyze what strategy is good for Déjà vu and what strategy needs to be improved. And then draw a conclusion for Déjà vu better future [1].

2. INTRODUCTION TO DÉJÀ VU

2.1. The development of Déjà vu

Déjà vu is a Chinese company founded in 2017, aiming to promote the circulation of second-hand recycling services of books and durable consumer goods. Déjà vu's value is "truly good stuff is worth buying twice." Déjà vu's mission is to propose taking advantage of a superior business model to solve the consumption

surplus. Through standardization, Déjà vu hopes to solve the long-term problems of second-hand book trading credit and efficiency.

2.2. The operation mode of Déjà vu

By utilizing Wechat, the company developed an original pricing system using machine learning. People can scan the bar code on the back of the book, and the recycling price of the book can be queried in real time. After scanning all the books to sell, SF express will pick up the book, charging the postage to Déjà vu. Déjà vu recovers goods from users and sells them through unified disinfection, renovation, packaging and pricing. After the approval, the goods will be directly paid for through Wechat, and it can be withdrawn at any time. The purchasing process is similar to that of e-commerce, in that people can search for books and pay in Wechat, and then express will deliver the books within 5 days.

3. SPECIFIC METHODS

In this paper, the author uses case study to analyze Déjà vu's segmentation, current marketing mix. And

present problems of Déjà vu and solutions to the problems should be raised up. In this case, data analysis should be applied. The data is rich due to the improvement of big data. For example, purchase amount of Déjà vu is accessible. Thus, the data analysis is applied in this passage to demonstrate the influence of Déjà vu in China online bookstore market.

3.1. Background information

Before the detailed analysis on Déjà vu, it should first analyze the Chinese book market. First, excess consumption and material abundance promote the increase of individual idle items. Second, during the COVID-19 pandemic period, the realization of idle items is increasingly attractive. Third, the acceptance of second-hand idle goods transactions is gradually improving, and the consumption concept is changing. Last, technology promotes the continuous optimization of the second-hand transaction process and enhances the attractiveness of online trading of second-hand items. These four factors have contributed to an increase in Chinese second-hand goods transactions in recent years. For example, Xianyu, developed by Alibaba, become the most popular second-hand goods transaction platform. However, the author chooses Déjà vu for the reason that Déjà vu is a second-hand book transaction platform with enormous potential. According to its official statistics, since its launch in May 2017, the official account has had more than 300,000 users and has sold more than 200,000 books. After opening in most cities across the country in December, the platform currently sells 2,000 books per day, and the median time to sell a book is 19 hours. At the same time, user stickiness and the value generated by a single user are also high. The unit price of the platform is 74.68 yuan, and the repurchase rate is 32.91%. The user who sold the most books sold a total of 1,146 books in Déjà vu.

3.2. STP analysis

STP stands for “Segment your market; Target your best customers; Position your offering”. STP is used to analyze Déjà vu market segmentation and position.

Déjà vu aims to enhance communication between customers, increase publicity and augment the number of users to increase sales volume by at least 20% per year.

Benefit segmentation: Déjà vu provides different categories of books to people. People can find diversified target books on the Déjà vu’s platform.

Loyalty segmentation: Déjà vu makes an effort to keep its most profitable customers. Déjà vu offers customers its own currency after each purchase or sale transaction. Customers can use Déjà vu’s own currency to buy books with discounts and purchase Déjà vu designed products.

With the aid of evaluation steps, we find the segmentation is attractive. Déjà vu then chooses a concentrated targeting strategy, focusing on readers who prefer shopping online and are environmentally friendly.

3.3. Analyzing current marketing mix

For products, Déjà vu develops original pricing and scanning systems and business processes to clean the books. For price, Déjà vu reflects the real time value of books based on the assumption of a perfectly competitive market. For place, Déjà vu sets three warehouses and two offline bookstores in different cities. For promotion, Déjà vu advertises through WeChat and holds offline activities to attract customers. These four different aspects of marketing mix help Déjà vu become one of the biggest online and offline bookstores in China. Déjà vu product strategy is good because it creates a completely new mode in the Chinese bookstore. Déjà vu is mainly focused on second hand book training. Since e-commerce is prevailing in China, Déjà vu opens a new market in China which is hard to replicate and follow. Déjà vu price strategy is low-price strategy. It can be found the condition such that online bookstores charge a lower price than physical bookstores, and take a larger market share, and attract a higher proportion of consumers who prefer variety [2]. Due to second-hand book sales and online marketing, the expense of per book is low. Thus, the range of price setting is wide. Déjà vu selects a low price strategy to occupy a large market share. However, Déjà vu has some problems in place and promotion strategy. For place strategy, it is difficult for Déjà vu to expand offline bookstores in China. Now the company has 2 offline bookstores located in high density population areas in Shanghai and Beijing. However, the revenue from selling every second-hand book is small, but the rent and labor are relatively expensive for offline bookstores. Considering about the cost and benefit, now it is difficult to expand to other areas. For promotion strategy, Déjà vu now only has small-scale advertisements. Besides, the company lacks the communication between its consumers. Nowadays, Déjà vu has almost no offline activities to communicate with its customers. In addition, advertisements on social media and its own website are incomprehensive; thus, it is hard for more people to know about the service.

3.4. SWOT Analysis

A SWOT analysis is a compilation of your company's strengths, weaknesses, opportunities and threats. The primary objective of a SWOT analysis is to help organizations develop a full awareness of all the factors involved in making a business decision. The SWOT analysis is used to analyze Déjà vu business strategy advantages and disadvantages.

On the plus side, Déjà vu characteristic strength is advanced business processes and efficiency. Déjà vu develops holistic recycling processes using advanced technology and customers can purchase the target book as long as it is available through the online purchase platform developed by Déjà vu. Déjà vu potential opportunity is reading habit and e-commerce market. The demand for books is gradually increasing since the Chinese government strongly advocates citizens reading books. The zealously of online shopping during Covid-19 offers huge chances to increase sales volume.

On the other side, Déjà vu present weakness is insufficient communication and small profit margin. All transactions rely on the delivery of a third party that can have strong bargaining power. Selling each book can only earn 20% of the book price, but the expense of delivery for each book is expensive. Déjà vu potential threat is intense competition. Many established online bookstores and second-hand book trading markets existed before the emergence of Déjà vu.

3.5. Perceptual map

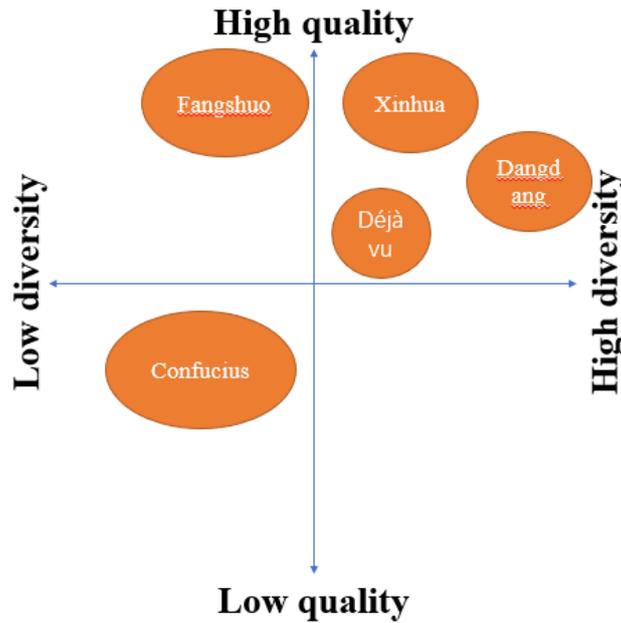


Figure 1. Perceptual map of Déjà vu

The vertical axis describes the quality attributes. We first judge whether the book is new, if not, we judge the damage condition of the second-hand book. The horizontal axis describes the diversity attributes. We judge the diversity of the book based on the time factor (Time range of books) and the space factor (Geographic range of books). We believe that the stable supply of books has a great impact on the diversity of books being evaluated as well.

Deja vu major competitors in China includes Dangdang, Fangshuo, Xinhua bookstore, Confucius used book network.

Fang Suo (the top left one) is a cultural complex entity operating in a form of a bookstore that also demonstrates aesthetic art work, plants, designed clothing, exhibitions and cultural lectures aiming to provide customers with an extremely pleasurable experience.

Xinhua Bookstore (the top right one) is a nationwide chain bookstore in China. It is the official bookstore dealing with the official publication promotion and sales of the country.

Confucius Used Book Network (the bottom left one) is the world's largest online trading platform for Chinese used books. It is also a online C2C platform built by the traditional used book industry.

DangDang (the rightest one) is the world's largest and most comprehensive Chinese online shopping mall that maintains over 600,000 books.

The perceptual map indicates that Déjà vu market niche is not good enough. Déjà vu strategy still needs to improve to get to a better market niche compared with major competitors.

4. SOLUTIONS

4.1. Improvements on place

Nowadays, only two Déjà vu offline bookstores exist in China. However, offline bookstores are of great importance to propagandizing the products and services to people in the same geographic area. We argue that the bookstore-café represents the emergence of a new lifestyle [3]. Offline bookstore has become increasingly

important in people's life. Setting offline bookstores can also enhance communication between the company and customers as it can increase customer intimacy. Setting up the bookstores in shopping centers is regarded as an innovative action in the retail industry [4]. Déjà vu can imitate Sisyphus's mode of marketing. Opening bookstores is an appropriate way to enhance its offline service [5]. We believe that opening at least one offline bookstore in the capital city of each province will greatly enhance the publicity of Déjà vu which will lead to a growth in sales volume. Besides, with the cooperation of both online and offline bookstores, Déjà vu can enhance its social influence on society.

4.2. Improvements on promotion

The products and services of Déjà vu are surely a breakthrough for second-hand bookstores in China; therefore, promotion should facilitate the popularization of Déjà vu. However, compared to other newly formed products or services such as bicycle sharing, Déjà vu lacks approaches to reach to more people. What is more, customers can only access a relatively small numbers of web links created by Déjà vu on social media and it's difficult to browse any information in other languages through Baidu or Google. Furthermore, offline activities do not play a good role to propagandize since it mainly focused on enhancing customer loyalty. It will be only attractive to those who once bought or sold books. According to IMC, we believe that Déjà vu should communicate with consumers. Then, consumers will go through 4 steps in AIDA model that finally lead to the purchase. The four steps are attention, interest, desire and action [6]. Firstly, Déjà vu should establish brand awareness of consumers. Through repeated exposures of the brand name, logo, symbol character, or slogan in, it is best for Déjà vu to establish top-of-mind awareness among customers. We recommend Déjà vu put emphasis on these channels, such as online marketing, sales promotions, and public relations, which is beneficial for the promotion. For example, Déjà vu should bring more interesting advertisements on blogs, social media, and websites. Then, customers may have an interest in this bookstore and gradually develop to desire stage. Moreover, Déjà vu should go further in the offline market promotion. For example, they can ally with coffee companies to hold more interesting offline activities such as reading sharing session to attract more customers [7]. We believe that using these promotion channels can finally bring customers to the final stage-action.

4.3. Future forwarding

Déjà vu has an abundance of products and relative low price mainly because Déjà vu attach its company focus on second-hand book exchange. Rather than competing with old traditional offline bookstores like Xinhua and Sisyphus, [8] Déjà vu chooses to open a brand-

new market with few competitors. Last, from the perceptual map (Figure 1), Déjà vu possess a comparative medium position. But with low price strategy and convenient transaction process, Déjà vu gradually stabilizes its market position in Chinese bookstore market. On the other hand, Déjà vu's Place and Promotion strategy need to change immediately in respond to market. Its few offline bookstores lose a lot of senior customers. Déjà vu progressively becomes a minority society with fashion young people. It is a very big loss to Déjà vu. Regarding promotion strategy, although Déjà vu's focus is on online bookstores, it lacks enough advertisement online. Thus, Déjà vu should increase its advertisement cost and put more efforts into offline advertisements like metro or bus stations which are good choices.

The current profit model of Déjà vu is based on the price difference between receiving and selling books, and the price difference is equal to 20% of the single product. At present, many similar products are learning from the entire product of Déjà vu which can be described as a pixel-level reference [9]. How to keep multi-dimensional innovation should be the next challenge for Déjà vu. In the near future, Déjà vu could make more changes to adapt to the fast-changing market. First, Déjà vu could launch a new product which users is fond. Because Déjà vu's present users are mainly young fashion peers around 20-30, and most users have good taste, high spiritual pursuit, and high-quality flow. Déjà vu may consider expanding the category of products that match the temperament of this group of users. A brooch and a towel with Déjà vu's own logo are appropriate. Déjà vu could launch a test version to test user acceptance. Next, Déjà vu could enhance its social communication attributes and build up its own community. The community currently cannot support private messages and adding followers, which means that the social communication function has not been added yet. Online product reviews are an important advantage for consumers of experience goods in online marketplaces and act as a useful source of information during the purchase of a good [10]. For example, if a potential customer is very interested in these people who post interesting reading notes when using this product, and wants to follow them, read more about their insights on reading and their book list. But the social communication function blocks the potential customer outside of Déjà vu. He cannot follow the person interested, which leads to him giving up using Déjà vu. The result is that Déjà vu lose a potential customer. Thus, developing social communication is an urgent need [11]. Last, Déjà vu could improve its currency policy. Customers could only obtain Déjà vu's currency by buying a specially designed product. The policy can be reformed that when customers accomplish assigned missions, they could obtain some currency. The new currency policy could lead to increased user stickiness.

4.4. Objective to meet

Déjà vu can better improve its service by solving the problems posed by the four Ps analyzing above.

Firstly, the company should continuously develop new unique services and maintain customer loyalty to hold onto its market share and substantial competitive advantage.

Secondly, the company is supposed to increase its sales volume and avoid unnecessary expenses to gain more revenue.

Thirdly, the company needs to find new business opportunities to open more offline stores in new cities and countries to gain more publicity.

Fourthly, the company should enlarge the approaches to advertise and offer more offline experience to increase customer intimacy.

5. CONCLUSION

From the analysis above, a conclusion can be drawn from two dimensions. On the one hand, Déjà vu has excellent segmentation. With benefit segmentation and loyalty segmentation, Déjà vu maintains a good communication between customers and boosts customers' intimacy and stickiness. Also, Déjà vu has a great product and price strategy. However, Déjà vu place and promotion strategy still need to be improved. A few offline bookstores and low advertising effects are lethal threats in the future. Adapting new marketing strategies to the developing online bookstore market is a good choice for Déjà vu to choose. With that analysis, Déjà vu could become a better bookstore both online and offline.

The paper's limitation is that Déjà vu doesn't disclose specific data such as revenue, cost, number of users and sales volume. It's hard to carry on a quantitative research on Déjà vu. With specific data, more practical suggestions can be made.

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