

An Analysis of the Prospects of New-type E-commerce Enterprises

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ABSTRACT

In the era of information and technology, e-commerce economy is developing rapidly. In the meantime, the emergence of COVID-19, which makes online shopping more and more popular. Many people want a piece of this trend in their own way: Some people want to start a pure e-commerce business for a start. Some people are carrying out other business activities or exist company, want to enter the field of e-commerce, to expand their business scope. There are always different kinds of people in the market with different goals. This study takes successful e-commerce companies under various modes as the research subject, explores and discusses the elements of their success, finally provides implications for those who want to develop in the field of e-commerce.

Keywords: Electronic business, Market segment, Consumer difference.

1. INTRODUCTION

1.1. Research Background

Derive the popularization of Internet and the rapid development of network technology in the era of Digital Revolution, the soaring of China's Internet e-commerce industry has greatly promoted consumption and changed the way people consume. During the epidemic period, the profitability of internet economic products has been greatly improved. The need for epidemic control has led to the excavation of the Internet product market. National policies are also promoting the scientific and technic industry. In recent years, a number of strategies and industrial policies have been formulated to provide support for the e-commerce industry.

After more than 10 years of high-speed development and expansion, traditional e-commerce has produced a duopoly pattern dominated by Alibaba and JD. In recent years, due to the limited innovation and the lack of growth of traditional e-commerce, the priority of it is gradually disappearing. But the new situation of e-commerce, such as the group buying platform represented by Doddo, the social e-commerce represented by Little Red Book, is in a booming trend.

Overall, the current e-commerce industry cycle is in the third stage. The first stage is the start-up stage, in which the enterprise develops rapidly according to the products with good quality and low price and the convenient logistics system; the second stage is the development stage, in which the e-commerce business scope expands, the logistics system matures, and leaders of the industry appear; the third stage is the new development stage. With the birth and development of various e-commerce platforms, e-commerce enterprises are in a new stage of upgrading, in which a diverse ecological system has been developed and a multi-industry, multi-domain and all-round ecological circle has been gradually formed. Full channel model, social marketing is the important features of the development of e-commerce to this stage [1].

1.2. Research Gap

At this stage, new-type e-commerce companies cannot compete with traditional e-commerce leading companies in terms of both profitability and market size. At the same time, the threatens of new entrants are not only the companies entering the industry at the same time, but also those old ones who want to expand their business and develop new marketing methods. How to gain market share in the fierce competition is the primary issue when

entering the e-commerce industry. For this reason, this paper selects three different e-commerce platforms based on the new models as the objects of analysis, and hopes to give some reference and suggestions to entrepreneurs who are eager to enter the e-commerce industry and companies who wish to transform into the e-commerce field. This paper onuses the method of controlling variables when studying the success of different companies, but in practical application, the variables in the market are entangled with each other and cannot be separated [2].

1.3. Research Objective

Through the business analysis and financial analysis of the existing relatively successful new e-commerce companies in the industry, we hope to obtain enough data to summarize the successful experience of new e-commerce companies and provide reference for companies to choose the marketing methods and business models when entering the new e-commerce market.

The paper is followed by the section 2 which clearly analysis how the three different types of company work and gain a certain quantity of users. Then the section 3 presents the discussion about both the limits and disadvantages of these companies and finally there is our conclusion based on the analysis and date we collect.

2. COMPANY-LEVEL ANALYSIS

2.1. UCG Community Marketing Represented by Little Red Book

2.1.1. UCG community marketing model

Different from the traditional single E-shop platform, Little Red Book created a social networking platform based marketing model. UGC (User Generated Content) is a pattern that utilizes the social media platform as a medium, where users are able to share works and communicate with other users, at the same time, engage in the exchange.

Little red book realizes a complete business closed loop combining sharing and shopping through free sharing and downloading of shopping information from the online community and placing online shopping orders. The app is divided into several sections such as "home page", "discovery", "mall" and "information" [3].

2.1.2. C2B cross-border e-business model

Little Red Book is initially targeted at overseas shopping and users of it are mainly female groups who have a demand for cross-border shopping. At the same time, compared to the traditional B2C (Business to Customer) e-commerce model such as JD, Little Red Book adopts a relatively novel C2b model. Its distinctive

feature is that transactions start from consumers, and enterprises use big data to obtain user needs and carry out manufacturing, transforming the traditional seller's market into a seller's market, which has formed a greater impact on traditional marketing. Through shopping notes and videos, Little Red Book improves user engagement and maintains platform traffic. At the same time, in the process of user sharing, the promotion of the selling point of the product is realized, and the conversion rate of the product is improved. Little Red Book has attracted a large number of target users, accumulated a large number of data from trading record, and expanded the product supply chain to Hong Kong, Japan, the United States and other places.

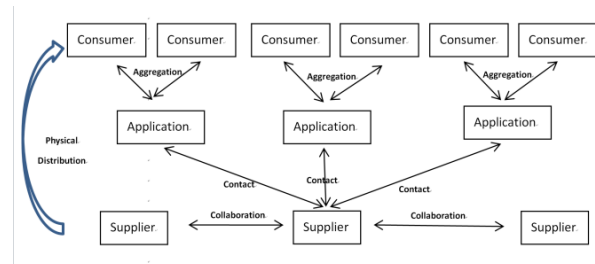


Figure 1 C2B cross-border e-business model of Little Red Book.

During its nine years of existence, Little Red Book has gone through five rounds of financing. After 2021 raising \$500 million on Nov. 8, which is invested by Temasek, Tencent, Alibaba Corporation, TIAN TU investment, Yuan sheng capital and other old shareholders, the enterprise valuation is estimated as 20 billion US dollars [4].

2.2. Pure e-commerce operation : Take Jindong for example

2.2.1. Accurate market positioning

As we know, in today's e-commerce platform, the main force of consumption is the people aged between 18 and 38. Their strong vitality and relatively complete education level make them have more consumption potential on e-commerce platforms than other age groups. Meanwhile, according to relevant data, Jindong's main customers aged between 18 and 38 account for 61 percent, while employees and managers account for more than 70 percent. It can be seen that the main customer groups of Jindong and the main force of e-commerce consumption overlap in a large range. This makes Jindong has a huge space to develop the market.

2.2.2. Use Bold and Innovative business model

In June 2006, Jindong created a pioneer in the industry, the first professional blog system with the main object of products in China -- Jindong Product Blog system was officially opened, providing a

communication platform for many netizens to publish product technology or use of comments, enhance shopping experience, improve purchase satisfaction. At the same time, also listen to consumer voice for operator, improve service quality, provided a good way.

In October 2007, Jindong Mall started the mobile POS home swipe service in Beijing, Shanghai and Guangzhou. This not only facilitates consumers, improves transaction speed, but also greatly improves sales volume and customer satisfaction, which has become a powerful measure to help merchants increase revenue and enhance consumer loyalty.

In February 2009, Jindong Mall tried to sell a series of featured door-to-door services, including door-to-door installation services, computer fault diagnosis services, home appliance cleaning services, etc. In this way, consumers can not only buy good quality and inexpensive goods in Jindong Mall, but also get more intimate services and enjoy a comfortable life.

In my opinion, these measures have become an important breakthrough in JD's exploration of B2C value-added services, as well as a great embodiment of commodity diversification. More importantly, the implementation of these innovative business models of Jindong keeps improving user experience. While personalizing, it also keeps a connection with customers, which is very in line with the development needs of modern online e-commerce. Therefore, the success of Jindong cannot be separated from its bold and innovative business model.

2.3. PUGC: Take Bilibili as an example

2.3.1. Maximize user engagement and satisfy their needs

Bilibili started as an ACG (Animation Comics Games) community and it was famous in Two-dimensional culture in 2013. Bilibili only had two main video subsections in 2016, anime and games. However, the total number of Bilibili users in the end of 2016 reached 20 million and Bilibili official announced that the daily active users were almost 40%, which means at least 8 millions ACG lovers chose Bilibili as their main video platform from a wide range of video platforms. So, Bilibili create more video partitions other than ACG area, such as education and vlog, which helped Bilibili absorb more users in the young group. After gaining a certain amount of users in 2017, Bilibili began to broaden its business scope and accelerate commercial realization. Based on its faithful ACG addicted users, Bilibili have explored various commercialization paths one after another. Such as live streaming, proxy games, advertisement and so on. To attract more users, Bilibili invests and purchases many genuine anime retransmission rights and exclusive broadcasting rights

which extremely increases user stickiness. They can watch animation, read comics and play smart phone games via their Bilibili account [5].

2.3.2. Use video as the core of the e-commerce approach

The main service target of Bilibili is definitely the core two-dimensional lovers, who are not the mainstream of other E-commerce platform and Bilibili set up a new service called 'Bilibili membership purchase' in 2018 which mainly sales of animation peripherals. To make the maximum profits, Bilibili use state-of-the-art algorithms which are mainly dependent on users' watch history and search contents to analyse each user's preferences of some specific IP, such as Pokémon, Fate series, EVA or others [6]. Then Bilibili achieved an e-commerce GMV (Gross merchandise volume) target of 1 billion yuan in the first three quarters of 2019. This huge growth is evident so that Bilibili hold confidence to move on further business for subsequent exploration [7].

Bilibili's e-commerce business is different from other well-known e-commerce platforms (e.g. Taobao). Traditional e-commerce platforms include brand flagship stores, self-operated stores and external customers, with a wide variety of operating models. Bilibili sells its products on a self-built platform, and its product types are centered on Two-dimensional culture, such as comics, garage kits, game peripherals and show tickets. Bilibili has also launched the Uploader's peripheral store, once again fully utilizing the private domain traffic of quality Uploaders, and the income from the operation of this store is all owned by Bilibili, with no profit sharing between Uploaders, as the project is intended to consolidate the private domain traffic of quality Uploaders. Uploader's private domain traffic, while increasing its own commercial real estate channels [8].

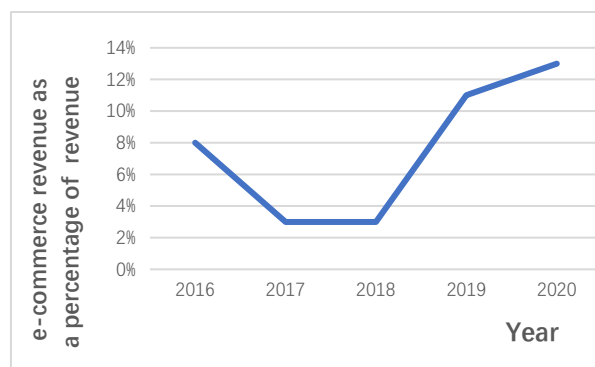


Figure 2 Bilibili's annual e-commerce revenue as a percentage of total revenue

After achieving a strategic alliance with Alibaba in 2019, the cooperation on the CPS (Cost per sales) model was carried out in depth. Each of the three main ingredients of Bilibili is uploaders, users and contents,

although half of the users are ACG lovers, however the uploaders also hold half of the Bilibili's users [9]. So, the second model is actually that uploaders choose products to carry in Taobao which match their niche. Most of them are Taobao merchants who take the initiative to contact uploaders with a firm fan base to carry. Secondly, after both parties reach an agreement, Bilibili as a platform will receive a portion of the share. The CPS model not only consolidates the uploaders' private traffic, but also realizes the cash from this traffic, and in the context of the rising membership business, the accelerated development of the CPS model will enable the e-commerce business to achieve significant cash flow more quickly. The ability to accelerate the development of the CPS model will enable the e-commerce business to achieve significant cash.

3. DISCUSSION

Through the business analysis and financial analysis of the three e-commerce companies in the second part, we have made the following comments on the new e-commerce companies. First of all, as the pioneers of the blue ocean part of the e-commerce industry, the entry of a large number of new e-commerce companies has successfully stimulated the potential for the rejuvenation of the e-commerce industry. In the market, new e-commerce companies are also favoured.

However, new e-commerce companies still have many shortcomings. Firstly, the traditional e-commerce industry is based on a monopolistic competition model with Taobao and JD as the leading industries. Under the long-term monopolistic competition model, traditional large-scale e-commerce companies have formed economies of scale and have a very high market share. After entering the market, new e-commerce companies have opened up the market with differentiated content, but they cannot occupy a large share in the original market. At the same time, traditional e-commerce companies have also discovered the blue ocean of the e-commerce industry and are trying to enter the competition in the new e-commerce industry. Traditional e-commerce companies with a foundation of scale have also gained a large share of the competition in the new e-commerce market. Only in the live e-commerce industry, Taobao have had a market share of 32.52% in 2021. In the traditional e-commerce industry, Taobao had a much more market share of 53%, while JD had 20%, Pinduoduo had 15%, Douyin had 5%, Kuaishou had 4%, and the remaining less than 5% was divided by other e-commerce platforms [10]. Therefore, new e-commerce companies cannot compete with traditional e-commerce companies in terms of market. Secondly, a large number of new e-commerce companies have seized the opportunity to enter the market. The quality of these new platforms is uneven, and China's market supervision system and laws for the new e-commerce industry have

not been perfected, which has led to some phenomena of the low quality of goods, the chaotic management of the platform, which has infringed on consumer rights. These phenomena have led consumers to be more willing to spend on safer traditional e-commerce platforms than new e-commerce companies.

Our analysis of new e-commerce companies only involves the analysis of their business model prospects and financial statements. In the future, we also need to conduct further investigation and research on the market competitiveness and official supervision of new e-commerce companies.

4. CONCLUSION

In the second part, this paper firstly analyses how three different types of companies work. Then, after discussing the limitations and advantages and disadvantages of these companies in the third part, it comes to the following suggestions: For pure e-commerce companies, they should vigorously innovate the service mode, learn from Jindong Company, and improve user experience; Create a multi-dimensional customer information feedback platform, collect customer feedback, establish a large database of customer information, write a suitable sales prediction model, learn from Red Book company, provide users with targeted tweets according to their preferences, and control inventory according to user needs, so as to make marketing more effective and reduce inventory costs. For hybrid e-commerce companies, we can learn from Bilibili. Based on the advantages of our company as a hybrid e-commerce company, we can establish contact with amateurs in other aspects of the company to improve customers' brand loyalty to the company, so as to improve user loyalty. This paper aims to compare the advantages of the leading companies in the two major fields of e-commerce and draw development suggestions for different types of e-commerce companies in today's social environment. In a world of Covid - 19, in the social trend of the development of electricity companies increasingly, hope this advice can give new into the field of electricity or would like to have a great progress in the field of electricity inspired people bring some systemic, help them to can complement each other in the electricity industry, let his business achieved great development.

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