



# Research on Digital Marketing Strategy of Cross-border Retail Platform Based on STV Model: Taking Amazon as an Example

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## Abstract

Given that the Internet has promoted the overall transformation of international trade, the global marketing strategy of cross-border retail platform enterprises must be adjusted in accordance with the development of emerging Internet technologies and the digital business environment. The article aims to construct a new digital marketing model for cross-border retail platform enterprises based on STV marketing theory, which emphasizes on the target marketing, crossover marketing and forming platform alliances to earn the global market. With a goal of building a digital marketing ecosystem, the model offers detailed suggestions for each marketing strategy and integrates various factors at different stages of international development.

**Keywords-***digital marketing; STV triangle model; cross-border retail platform; international marketing strategy; cross-border e-commerce; Amazon*

## 1. INTRODUCTION

Cross-border e-commerce, as the significant innovation the Internet brings to international trade, has become the new benchmark for global trade. Global cross-border e-commerce companies such as Amazon, eBay, AliExpress, Shopee are developing rapidly, and the competition between them is more intense than ever.

Cross-border e-commerce refers to a kind of international commercial activity in which trading entities belong to different customs, reach transactions, conduct payment and settlement through e-commerce platforms, and deliver goods and complete transactions through cross-border logistics<sup>[1]</sup>. It can be divided into B2B, B2C, C2C, etc. by transaction type, in which B2C, C2C is for the end consumer and therefore also known as cross-border network retail<sup>[2]</sup>. Cross-border e-commerce has the advantage of convenient transaction. Its features of wide trading range, small volume and high frequency all promote the innovation of traditional logistics<sup>[3]</sup>. The small commodity distribution mode has entered the peak development, and cross-border B2C has developed rapidly by speed advantage<sup>[4]</sup>.

Marketing is a "strategic link" to create value in Michael Porter's value chain, and a sophisticated

marketing strategy creates high value and profits for the company. Griffin proposed the concept of global value chain based on the analysis of international division of labor and industrial dynamics, and took marketing as an important part link. As an internal element of the cross-border e-commerce ecosystem, international network marketing helps to realize cross-border e-commerce transactions<sup>[5]</sup>. Under the new international market environment in the post-epidemic era, the full-channel and full-scene marketing strategy is particularly important for cross-border e-commerce enterprises to explore the global market.

## 2. BASIC RESEARCH ON CROSS-BORDER RETAIL PLATFORM MARKETING

### 2.1. Development of cross-border retail platform

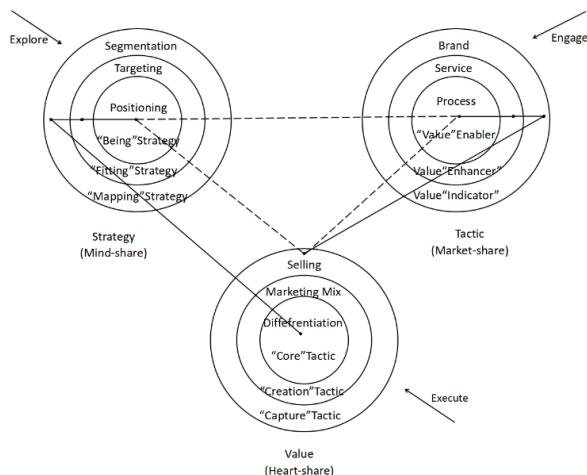
According to the statistics of iiMedia Research, the global cross-border e-commerce B2C market reached USD 675 billion in 2018, with a growth rate of 27.55%. Although the growth rate has slowed down in the past two years, the global cross-border retail transaction volume continued to maintain a high growth trend of more than 20%<sup>[6]</sup>. The market advantages of developing countries and the e-commerce business environment of developed

countries can promote the north-South cooperation and jointly flourish cross-border e-commerce industry.

IiMedia Consulting’s 2018 survey of global consumers' preferred e-commerce platforms for cross-border shopping shows that 24% of consumers choose Amazon platform, 16% of consumers choose AliExpress, followed by eBay (14%), Wish (10%), Lazada (3%), the total proportion of consumers who choose other platforms is 33%<sup>[6]</sup>. It can be seen that the Amazon platform has a slight advantage, and other platforms such as AliExpress, eBay and Wish catch up closely.

**2.2.STV Triangle Marketing Model**

Philip Butler, World Marketing Master, builds a marketing strategy triangulation for achieving enterprise sustainability from three dimensions: corporate strategy, Tactic, and Value. The core elements of the company's strategy layer is positioning, including market segment, target market and market positioning, aiming to win customer "mind share"; the core of tactical layer is differentiation, including differentiation, marketing combination and sales, aiming to obtain "market share"; the core elements of the company's value is brand, including brand, service, and process, aiming to obtain “heart share”, and win customer favor. These elements support each other and work together to promote the sustainable development of enterprises<sup>[7]</sup>.This paper studies how the enterprises of cross-border e-commerce platform can achieve sustainable growth through STV marketing strategy.



**Figure 1.** STV Triangle Marketing Model

**2.3.Internationalization Mode of E-commerce Platform**

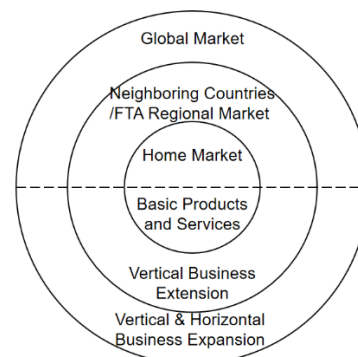
Zipei Wang analyzed the marketing problems of cross-border e-commerce platforms from a cross-cultural perspective, and proposed to seek innovation in cross-border and cross-cultural trade<sup>[8]</sup>. Based on the macro and micro business environment, Xin Lin analyzed the marketing strategy of the imported cross-border e-

commerce platform Netease Kaola, and proposed to use digital technology to break through homogenized competition and use third-party logistics outsourcing to optimize logistics services and save costs<sup>[9]</sup>. Xiaoxue Du analyzed the marketing strategy of Amazon according to 4P theory<sup>[10]</sup>. Based on the marketing triangle model, Xin Yin analyzed the marketing capabilities of the merchants stationed on the platform, and explored specific measures to improve the marketing capabilities of from three dimensions of strategic positioning, differentiated marketing, and brand value<sup>[11]</sup>. Shaonan Shan analyzes marketing strategies in terms of market positioning, brand building, and cultivating high-quality customer bases with the STV triangle model<sup>[12]</sup>. This article analyzes the marketing strategy of platform companies based on the internationalization model of e-commerce platform and the theory of STV marketing model.

**2.4.Internationalization Mode of E-commerce Platform**

American economist Vernon explained the emergence of international trade based on the product life cycle theory of production technology. However, with the globalization of production and technological development, the pattern of trade globalization has changed, and international trade has occurred on cross-border e-commerce platforms. It no longer depends on the production technology conditions, but on the preferences of consumers and the scope of delivery of logistics. Therefore, this article conceive an international development path for e-commerce platform companies based on cultural groups and infrastructure conditions, laying a foundation for cross-border platform marketing strategy research.

The internationalization of e-commerce platform companies often starts from consolidating the foundation of the home country's market, and then expands to neighboring countries or regional markets, gradually covering the global market.



**Figure 2.** Internationalization Mode of E-commerce Platform

As shown in Figure 2, e-commerce platform enterprises first develop the market in the parent country,

accumulate business foundation and operating experience, and then expand their business to the neighboring countries or in their free trade areas. At this point, there are two expansion methods for platform enterprises to choose. One is to expand their business on existing platforms, such as mode of Amazon platform -- Amazon provide only one platform for the global market. The other is to develop an international platform for the new external business, such as mode of Alibaba -- Taobao platform is for the parent market and Ali Express platform is for foreign countries market. Due to the similarity of history and culture as well as geographical proximity, the consumer preferences in a certain area, there are also certain similarities. Therefore, platform companies should extend the existing business vertically, which means to optimize the existing platform services and functional modules. When developing global market, Considering of the significant differences in consumer demands worldwide, platform enterprises can expand business types horizontally, that is to develop new platform services and functional modules. Through vertical and horizontal business expansion contributes to a networked international development mode, and global business expansion is carried out.

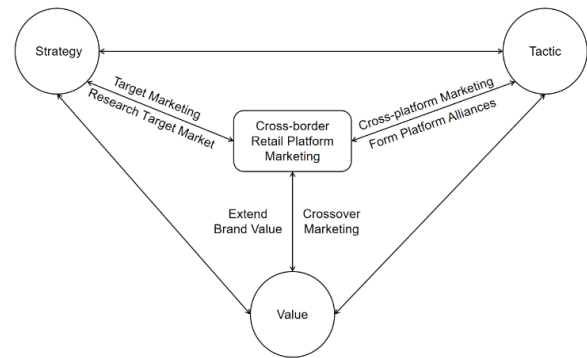
### 3. STV MARKETING MODEL OF CROSS-BORDER E-COMMERCE

Cross-border e-commerce platform enterprises are typical Internet enterprises as well as natural global enterprises, and expanding the global market is their intrinsic and essential demand.

**Strategy:** The core is target marketing, which means that platform enterprises need select a strategy from three kinds of target marketing strategies--standardized marketing, differentiated marketing, concentrated marketing for the target market worldwide. The market positioning requires the platform enterprises comprehensively consider of the elements of business environment in the target market, including consumption level, digital technology development, Internet of things infrastructure construction, and local enterprise competition, etc.. The target market can be a regional market, a country or a specific urban agglomerations.

**Tactic:** Adopt cross-platform method to establish platform alliances, which helps to increase corporate users and expand global business since platform's characteristics of wide market coverage and multiple cooperative participants.

**Value:** Extend brand value through crossover marketing as well as brand endorsement, which contribute to break industry constraints and enhance brand value through more channels.



**Figure 3.** STV Model of Cross-border Retail Platform Marketing

## 4. APPLICATION OF STV PLATFORM MARKETING STRATEGY IN AMAZON

Considering of the current development of cross-border retail platform, the marketing strategy application in Amazon is more challenging. On the one hand, Amazon, as a global leader, lacks platform marketing experience to learn compared to other platforms; on the other hand, Amazon has good conditions for global marketing, such as a solid market foundation and advanced Internet technology. Therefore, this article analyzes the Amazon platform marketing strategy based on the cross-border retail platform marketing triangle model.

### 4.1. Strategy: Target Market Based on Target Marketing Strategy

In view of the great differences in consumer needs, cultural customs and purchasing power level in different regions and countries, platform enterprises should first formulate marketing strategies by market positioning and lock the target market through target marketing. Target marketing refers to the process in which enterprises select one or more consumer groups as the target market on the basis of market segmentation, and formulate marketing strategies accordingly. The core of cross-border marketing is to accurately locate the target market.

The purchasing power of the European and American markets is higher than that of Asia, Africa and Latin America. The European and American markets are currently the most important markets for the Amazon. The United States, Canada, the United Kingdom, and Germany all have a good market foundation.

Online trade and offline trade both need to strive for the home market<sup>[13]</sup>. Amazon occupies at least half of the market share in the United States and is the largest e-commerce shopping platform in the United States. The number of Amazon Prime members in the United States exceeds 100 million, which means almost every family do shopping on Amazon platform<sup>[14]</sup>. Obviously, the Amazon platform already has certain platform

advantages in most developed countries, and maintaining an advantageous market is a prerequisite for expanding other markets.

The growth rate of e-commerce markets in developing countries far exceeds that of developed countries. According to Statista's forecast, from 2018 to 2022, the compound annual growth rate of e-commerce in India, Indonesia, South Africa and other countries will be about 15%, while that in the United States, Canada, South Korea and other developed countries is about 7%<sup>[15]</sup>. Obviously, developing countries will become the main battlefield for market competition among platform companies.

In terms of geographic location, Mexico is obviously a potential target market with great development for the Amazon business expanding. However, many Amazon sellers ignore the Mexican market. On the one hand, Mexico has a big gap with the United States in terms of logistics and customs clearance. Amazon, as a platform company, should deeply understand the needs of both merchants and consumers in Mexico, and strive to solve third-party support issues such as logistics and customs clearance. On the other hand, Mexico's online shopping market has developed rapidly in recent years. Many Platform companies have begun to invest heavily in software and hardware service facilities in Mexico. It's the high time for Amazon to catch up since Amazon has certain advantages. For example, FBA makes sure of the delivery within one week, which is fully in line with the shopping habits of the Mexicans. Therefore, this paper suggest Amazon make full use of the advantages, and seize the opportunity to stabilize the Mexican market since the Mexicans have great preference in cross-border e-commerce. In addition, in Southeast Asia, India, Brazil and other developing countries, there are some strong competitors, such as AliExpress, Lazada, MercadoLibre, etc., Amazon should think twice before going to market segmentation and market positioning. Besides, merchant education and consumer guidance can be really important when explore new market. In a word, seek more market opportunities in developing countries, while consolidating the existing advantageous markets.

#### ***4.2. Tactic: Establish Platform Alliances and Expand the Platform Advantages***

Amazon can carry out strategic cooperation based on the characteristics of different platforms. For instance, in terms of differences in purchasing power levels, there are platforms that serve high-end consumers and low-end consumers; as to the differences in social groups, there are platforms that specifically serve students, elite white-collar workers, and artists. Cross-platform cooperation can enable Amazon's platform marketing to achieve full-domain and full-scene coverage of market.

In view of business content, Amazon can make full use of existing resources, cooperate with platforms of different business types, and expand business types horizontally. For example, based on Amazon's excellent education business team, it can cooperate with the education platform for book sales; make full use of the sophisticated FBA logistics system to cooperate with the takeaway platform for products and delivery; and cooperate with social platforms for online shopping and CRM. All the cooperation will contribute to a multi-platform ecosystem for Amazon users, the function of which includes online shopping, payment, travel, express delivery, social platforms, etc.

In the era of digital economy, cooperation with digital technology service platforms will make the alliance stronger, as intelligent marketing technologies help platforms optimize marketing. Through the cooperation of multiple platforms, Amazon's functional penetration is deepened, full-scenario applications are developed, and Amazon's global platform marketing ecosystem can be formed.

#### ***4.3. Value: Extend Brand Value with Brand Endorsements***

Crossover (cross-border) marketing aims to seek non-industry partners, play the synergistic effect of different brands, and realize the complementarity of multiple brands in products and services and even user experience, so that the originally irrelevant elements can be integrated and penetrated to enrich the connotation of the brand. Na Li integrates crossover marketing with Don Schultz's "4I theory", which is based on the principles of Interesting, Interests, Interaction, and Individuality. N. Li proposes a novel and creative crossover cooperation method to achieve marketing goals<sup>[16]</sup>. In this way, the Amazon platform can improve the brand perception of the "shopping platform" and enrich the brand image and connotation. For example, cooperate with the literary masters and design special column promotion activities to attract book fans and then create a literary image of Amazon; cooperate with the music industry and promote popular singers' records to create a brand image that loves music and enjoys life; cooperate with the artists and launch creative activities such as art appreciation and new artist discovery, all these activities sponsored by Amazon and named after Amazon, would enrich the brand image of Amazon by deeply integrating literature, music, art and other elements. Users have more knowledge of Amazon's products, meanwhile the fans from different lines would become a new member of Amazon's fans group. In view of the immature integration of cross-border retail e-commerce with literature, music and art, there is still great development potential, and this can be a good chance for Amazon to extend brand value.

## 5. CONCLUSIONS

With the support of the Internet, digital technology and foundation equipment, cross-border e-commerce platform companies are able to extend their business from local countries to neighboring countries, and gradually to global market. During the international development, the STV marketing model can be a good reference for platform companies to formulate global marketing strategies. In terms of strategy, platform enterprises may use target marketing strategies to select a suitable strategy for the target market with the comprehensive research of the business environment. As to the tactic, establishing alliances will be an excellent choice for platform enterprise to expand the of the consumer foundation and win more market share. Eventually, crossover marketing strategies and brand endorsements may be pretty helpful when extending brand value enhancing the brand's global influence.

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