



# Analysis of the Challenges that Poizon May Face in the Future of Digitalization.

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**Abstract.** By introducing new digital technologies such as big data analysis, cloud computing and artificial intelligence, the traditional business model, industry structure and market operation process will be gradually reconstructed in the near future. As an e-commerce platform, Poizon adopts the dual business model of "socializing + e-commerce", and lacks core strategies and unique competitive advantages in the face of digital transformation. This article briefly introduces some potential challenges that Poizon may face under digital disruption, and analyzes and provides suggestions for these issues from the perspectives of consumers and users to help Poizon change its strategic weaknesses and address potential threats. After analyzing the current weaknesses and threats of Poizon through Strengths, Weaknesses, Opportunities, Threats analysis, technology is considered to be the main obstacle hindering Poizon's digital transformation. It further leads to issues such as the consumer trust crisis and the collapse of the identification function system. The Political, Economic, Social, Technical framework proves that Poizon will still have enough market opportunities, policy support and social and cultural incentives to formulate relevant strategies for digital transformation after overcoming technical difficulties in the future.

**Keywords:** Digital disruption, Digital Transformation, Big data, E-commerce, Platform.

## 1 Introduction

Poizon is an online shopping e-commerce platform under Shanghai Shizhuang Information Technology Co., Ltd. Its core operating models include trendy e-commerce services and trendy living communities. The product categories of its platform have already covered shoes, clothing, accessories, digital, home appliances, beverages, food, etc. Since its launch, Poizon has been committed to providing a secure and reliable trend trading platform. Users can buy and sell products from original manufacturers or engage in second-hand transactions on the platform. In order to ensure the identification and authenticity of products, Poizon has a professional identification team. This means that obtaining goods can identify and authenticate high-value luxury goods, providing consumers with a safe trading environment and ensuring the authenticity and quality of products. This feature was unique before the Poizon platform was opened, and it has also gained the trust and recognition of a large number of users due to its freshness in identification ability. In the segmented market of young people and fashion, it has always been a "leader" in e-commerce platforms.

However, Poizon cannot escape the inducement of Hunger Marketing [1]. Some users pointed out that a sneaker on the Poizon platform has increased by 10 to 20 times of original price due to insufficient supply. After investigation on the Poizon platform, it was found that the provider intentionally lowered production, creating a false impression of supply exceeding demand, in order to maintain product image and maintain high prices and profit margins. In addition, Poizon's always proud genuine product identification function has also been questioned, as its marketing content always focuses on marketing profits as the primary goal, without paying attention to issues such as consumer experience and the rationality of activities. For businesses providing services, retaining consumer trust is crucial. In 2020, Poizon lost a large number of users. Although this value is still growing slowly by 2021, and the peak monthly active users are less than 82 million, only half of the competitor Little Red Book: A community e-commerce platform also built for young people [2]. Faced with such issues, Poizon has not made any substantial strategic changes so far. Therefore, a strategic analysis of Poizon is necessary.

This article will mainly use the Strengths, Weaknesses, Opportunities, Threats analysis (SWOT) and the Political, Economic, Social, Technical framework (PEST) to analyze the current development problems of Poizon platform and the future

opportunities facing digital transformation and put forward relevant suggestions. Due to the main purpose of this study being to analyze problems and provide suggestions for Poizon from the perspectives of strategy, market environment, etc., the section SWOT analysis will mainly focus on Weaknesses and Threats.

## **2 Analyze the Changes that Poizon Needs to Be Made from the Perspective of SWOT**

SWOT is an analytical method that analyzes the environment of a company from four different perspectives: Strengths, Weaknesses, Opportunities, and Threats. It represents the internal capability factors and external environmental factors that a company is currently in. Its analysis often provides a more objective presentation of the company's current situation and prospects, as well as the strengths and weaknesses in responding to these situations.

It is undeniable that the emergence of Poizon has changed the competitive environment of China's online shopping market. After the launch of the Poizon platform in 2017, the Chinese market rapidly expanded its market share in a short period of time. In addition to the authenticity identification function, its launch is accompanied by a new technology, Augmented Reality (AR) fitting [3]. In that era when digitalization was not yet formed, the appearance of AR fitting greatly enriched the experience of online shopping and opened the digital immersion experience of Chinese consumers for the first time. Until present, online shopping runs through the daily consumption of these people growing up in Generation Z and constantly updated digital technology is one of the important factors for the good shopping experience. Unfortunately, it is also the main cause of weaknesses and threats to Poizon in the competition.

### **2.1 Weaknesses**

With the development of society, the demand and market of fashion clothing in the world are expanding, which means that a good market segmentation of clothing may become a new trend. An obvious problem for Poizon is that although the new technology of Poizon has achieved significant strategic strength for itself, it also means that other consumer groups besides young people have been ignored. This may lead to limited market share, and hinder Poizon's prospects for future digital

development to some extent [3]. On the other hand, although Poizon's AR fitting is innovative for the relevant market, it does not mean that its technology is without any defects or flaws. Due to the immaturity of the technology, there are shortcomings in the recommendation for different individuals on Poizon's platform. This represents that different users will receive item recommendations that are completely unrelated to themselves when using the platform. On the contrary, the new social media e-commerce platform represented by TikTok has risen rapidly in recent years. They integrate a range of content types such as entertainment, live streaming, shopping, and social media, and rely on internet information technology and algorithms to deliver precise content to relevant users, it not only solves the problem of market segmentation, but also greatly improves user engagement and purchasing power, and even further enriching the consumer experience on the original basis. In response to this situation, Poizon has launched advertising campaigns on some mainstream platforms like TikTok, but this strategy can only stabilize market share to a certain extent, and cannot make up for the weaknesses brought about by the lack of segmentation strategy and technical defects, let alone establish a competitive advantage in the competition.

## 2.2 Threats

From a threat perspective, Poizon's problem still lies in technical issues. This may be a problem that must be solved before Poizon develops a comprehensive strategy for digital transformation. In the face of poor after-sales service on other e-commerce platforms and inability to ensure product quality, Poizon has quickly established an advantage in the competition of e-commerce platforms by promoting the genuine product identification function in their platform, to compensate for the shortcomings of high product prices and poor community maintenance. However, with the development of the platform, Poizon did not invest more costs and manpower to maintain and upgrade this function, which resulted in even more serious counterfeit problems in Poizon and went undetected for many years. This scandal was directly named and exposed by the China Consumers Association in 2020, which caused Poizon to lose a large number of users in a short time.

The sensation of this news caused a large number of consumers to lose confidence in online shopping and turn their attention back to offline stores. Offline stores have the right to timely exchange, return, try on, order, and other rights that online

platforms cannot enjoy in a timely manner [3]. On this basis, Poizon may consider choosing to develop offline shopping with lower maintenance costs. The lack of strategy, technological disadvantage, and the collapse of online brand reputation may mean that Poizon is almost unable to establish its advantages again in e-commerce platforms. Using online platforms as a supplementary shopping method is more like a reasonable choice. But there is no doubt that restoring the reputation of online brands is also necessary for Poizon, this is also the first step towards digital transformation. It is worth mentioning that Poizon changes its relevant strategy and enriches its shortcomings, including but not limited to identification conclusions that are too simple in identification results, and processes, and high in textual repetition. Poizon will to some extent regain its original advantage in the e-commerce market, as its unique identification function itself is Poizon's competitive advantage.

### **3 Analyze the Changes that Poizon Needs to Be Made from the Perspective of PEST**

Different from the SWOT analysis method, PEST analysis mainly focuses on how an enterprise will face the macro environment, which represents all the macro factors affecting the industry and enterprises. Although different enterprises may analyze differentiated content based on their own characteristics and business needs, they generally analyze it based on four main external environmental factors: Political, Economic, Social, and Technical.

With the rapid development of the e-commerce economy, innovation in e-commerce is no longer limited to technology, and innovation in transaction models has also brought new opportunities to the e-commerce field [4]. It can be said that e-commerce is an important foundation for digital transformation, but to gain advantages in the competition, enterprises need to further innovate in the operation and mode of e-commerce.

#### **3.1 Political**

In order to strongly encourage and support the innovative development of e-commerce enterprises, developing countries represented by China have successively introduced many policy measures to reduce e-commerce operation and management costs in recent years. On this basis, the total transaction volume of Chinese

e-commerce enterprises represented by Poizon continues to rise, and their corporate status is also increasing year by year. According to the e-commerce trading platform of the National Bureau of Statistics, the total amount of e-commerce transactions reached 9.61 trillion Chinese yuan in the first quarter of 2021, a year-on-year increase of 7.85% [4]. This is an opportunity for Poizon, as it will quickly have enough funds to restart the shortcomings of building an online platform. Improving the identification function may be the primary strategy, after all, for consumers, spending a lot of money on luxury goods but buying counterfeit goods is the primary reason for the lack of after-sales service process and also the primary reason for complaints.

### **3.2 Economic**

Due to Poizon being an emerging e-commerce enterprise in China with limited overseas business, the background of this article is still mainly based on China's business environment. As mentioned in the abstract, current digital technology has enabled the universality of artificial intelligence design to be popularized. Traditional design and textile have been replaced to some extent by automation in the manufacturing industry, which is a digital technology that relies on code instructions to execute repeatedly [5]. It has higher work efficiency, quality, and lower costs than traditional manpower. With the popularization of automation in China, its Gross Domestic Product continues to grow rapidly, and people's living standards improve with the increase in disposable income. Under this stimulus, the consumption concepts and motivations of young people are also gradually changing. They often no longer pursue 'new clothes' like the older generation, but rather pursue 'good new clothes'. This laid the basic economic foundation for the popularization of trendy culture [4]. Once high-quality personalized products become the primary consumer motivation pursued by young people, then this means that Poizon, which specializes in creating social and e-commerce platforms for young people, will face a huge future market. So far, the scale of the trendy consumer market worldwide is still expanding, and the consumption of trendy goods has also shown higher dependence.

### **3.3 Social**

This aspect is actually similar to the factors mentioned in the economic environment. But the difference is that this aspect will mainly be described from the perspective of

young people. Generation Z, born from 1995 to 2009, has gradually become the main consumer of shopping platforms [6]. According to relevant surveys, Generation Z's consumption scale on Poizon accounts for 80% of the overall. This may be mainly because the promotional effect of corporate advertising is more reflected in young people. As of now, more and more enterprises, represented by Poizon, rely on social media, brand effects, and other factors, usually cooperating with the most popular stars or third-party works based on big data. Generation Z, who has been pursuing trendy culture since the beginning, will be more willing to pay for their hobbies to meet their social and emotional needs. This may also be the motivation of Poizon to use this factor to carry out hunger marketing.

### **3.4 Technical**

Chinese Mainland has basically realized the technology of using the Internet to complete Quick Response Code (QR Code) payments nationwide [4]. And this internet payment technology is still gradually becoming mature, and in recent years, it has expanded and focused on technologies such as fingerprint and facial recognition payment. This not only allows Chinese consumers to completely abandon their wallets and go out but also eliminates the steps of accompanying bank cards and entering passwords. This has greatly brought convenience to consumers, saved consumption time, improved consumption motivation, and expanded the range of choices for consumer goods [7]. Therefore, compared to offline shopping, online shopping is still more supported by consumers. Although from a technical perspective, it still has a significant positive impact on Poizon.

## **4 Suggestions**

As mentioned in SWOT and PEST analysis methods, Poizon's lack of strategy can also be reflected in the lack of market segmentation, inaccurate big data algorithm and other aspects. But since the birth of Poizon began with the emergence of new technologies, the improvement and maintenance of technology has always been the most important and also the most important one that cannot be ignored.

In terms of platform services, regardless of whether Poizon chooses to adopt automation technology, Poizon needs to strengthen the allocation of relevant human resources. This includes but is not limited to updating and repairing functions such as

after-sales, community communication, and second-hand trading. On the relevant complaint platforms, the number of complaints about the product has reached 161500, with the main complaints focused on issues such as using counterfeit and inferior products to cover up the quantity, misidentification, and poor after-sales service [8]. Automation will not be able to replace human beings to fill the lack of technology for a long time in the future, but the perfection of technology happens to be the foundation of the foundation in the digital transformation, which means that Poizon still needs to rely on a large number of excellent human resources to improve the technical loopholes.

In addition, the identification function of luxury goods is Poizon's advantageous technology and also one of the riskiest technologies. Improving the level of its professional appraisal team and optimizing the supply chain process are the primary strategic steps [9]. This can first restore consumer trust and maintain the leading position of identification technology in the industry. At the same time, it is also necessary to simplify the transaction process and improve the technical level of identification functions, which can further accelerate logistics construction, improve supply chain response speed, and thus enhance the consumer experience of both buyers and sellers.

The implementation of this strategy can simultaneously slow down the image of the Poizon brand's reputation in front of big data and public opinion. Due to the current trust crisis faced by Poizon, it may not be able to compete with new social media e-commerce giants such as TikTok, and Little Red Book who have officially implemented the digital transformation strategy at this stage. In terms of user activity, the average daily usage time of Little Red Book's users is nearly one hour, while the content only lasts for more than 10 minutes, which is nearly five times the difference [10].

Ensuring that the platform always accepts user supervision is what consumers hope to see. Meanwhile, Poizon needs to leverage its ongoing community communication function to publicly disclose most or even all of the transaction dispute results. Reducing controversial issues such as "fake goods" that harm the reputation of the company to consumers on the platform can also prevent competitors from using public opinion to ferment and hinder Poizon's strategic development.



## 5 Conclusion

To sum up, among all the shortcomings and suggestions, only the market segmentation strategy may not be what Poizon must address. If Poizon abandons expanding its market segmentation, then in the face of future consumers' increasingly flexible shopping concepts, integrating social scenes with the personalized needs of the new generation of trendy clothing consumer groups may be the necessary strategy for Poizon. Furthermore, the digital age does not mean that companies need to abandon the offline market. If Poizon can leverage the marketing ecosystem of its own e-commerce platform, it will also promote the digital upgrading of other trendy clothing brands, achieve the integration of online and offline consumption of trendy clothing brands, and establish and improve an omnichannel marketing system.

Although under the influence of the epidemic, the development of the digital economy in Chinese Mainland has been hindered for a long time, the long-term containment measures have also triggered a new trend of national digitalization. This can be mainly reflected in the large-scale closure and closure of physical stores due to the impact of the epidemic. At present, China has the world's largest e-commerce market, which will always be a very good development opportunity for Poizon in the future digital era. Although Poizon, as an e-commerce platform, has inherent advantages over other traditional enterprises in terms of digital transformation, it still has many current challenges to face before formally formulating strategies for digital transformation.

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