



Temu's Low Price Globalization and the Management of Cross Border Platform Trust A Case Analysis

Qingchang Zuo, Xiao Guan, Qing Han, Zhiyuan Wang, Xinrui Zhang, Xiayi Yan, Yan Zhuang, Zhenqing Ma, Yutong Shao, *Jintao Li

Yantai Institute, China Agricultural University, Yantai, 264670, China
Qingchang Zuo, 13391724347@163.com; Xiao Guan, 3478521533@qq.com
Qing Han, 2994089146@qq.com; Zhiyuan Wang, 3475633597@qq.com
Xinrui Zhang, 2892288631@qq.com; Xiayi Yan, 1600202208@qq.com
Yan Zhuang, 2188730883@qq.com; Zhenqing Ma, qq2762540832@163.com
Yutong Shao, 2353859303@qq.com; *Jintao Li, 3465707367@qq.com

Abstract. Temu has become one of the most visible examples of cross border platform expansion in the global digital economy. Its rapid growth was built on low prices, aggressive promotion, direct access to manufacturers, wide product variety, and a shopping experience designed to reduce consumers' hesitation. This paper examines Temu as a case of low price globalization and platform trust management. The analysis focuses on how Temu attracts overseas consumers, how it converts price sensitivity into platform traffic, and why trust governance becomes critical when a platform expands across borders. Recent studies on cross border e commerce show that consumer perception, trust, logistics service quality, price fairness, platform recommendation, and review quality all shape purchase intention and repurchase behavior. Based on these studies, this paper argues that Temu's growth is not only a story of cheap products. It also depends on the platform's ability to manage uncertainty related to product quality, delivery time, after sales service, merchant reliability, and regulatory scrutiny. The case suggests that low price strategy can create fast market entry, but long term platform competitiveness requires a stronger balance between affordability, service reliability, consumer protection, and institutional legitimacy.

Keywords: Temu, cross border e commerce, platform strategy, low price competition, consumer trust, logistics service quality, global expansion.

1 Introduction

Cross border e commerce has changed how consumers buy low cost products from foreign sellers. A consumer no longer needs to visit an overseas website, compare unfamiliar merchants manually, or handle international purchase risks alone. Large digital platforms now organize product display, payment, logistics, recommendation, refund rules, and customer communication in one place. This has lowered the practical difficulty of buying from foreign suppliers, but it has not removed the uncertainty of cross border shopping.

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Q. Tian et al. (eds.), *Proceedings of the 2026 8th International Conference on Economic Management and Cultural Industry (ICEMCI 2026)*, Advances in Economics, Business and Management Research 401, https://doi.org/10.2991/978-94-6239-777-4_48

Temu is a useful case for studying this issue. Launched by PDD Holdings in 2022, Temu entered overseas markets with a clear low price image. It offered a wide range of products, including clothing, household goods, accessories, small electronics, beauty products, and everyday items. Its consumer promise was simple. Buyers could find many products at prices that appeared much lower than those offered by traditional retailers or established online marketplaces.

The speed of Temu's expansion made it an important management case. Reuters reported that Temu was launched in September 2022 and had entered 51 global markets by March 2024. This pace is unusual for a retail platform. It reflects the advantages of China based supply chains, digital advertising, centralized platform operation, and the existing experience of PDD Holdings in low price online retail. At the same time, this growth also created challenges. Cross border platforms face questions about product quality, delivery reliability, customs policy, consumer data, merchant control, and local regulation.

This paper analyzes Temu from a management perspective. It asks how Temu's low price globalization works and why platform trust becomes a central condition for sustainable growth. The paper is a case analysis rather than an empirical test. It uses recent literature on cross border e commerce and public case information to examine the relationship between low price attraction, consumer perception, logistics experience, platform recommendation, review quality, and trust governance.

The central argument is that Temu's early success should not be explained by price alone. Low prices may create trial purchase, but repeat purchase and long term platform acceptance depend on whether consumers believe the platform can deliver acceptable quality, fair value, secure payment, reliable logistics, and reasonable after sales protection. Temu therefore represents both the opportunity and the risk of platform based globalization.

2 Literature Review and Conceptual Basis

2.1 Cross Border E Commerce and Consumer Perception

Cross border e commerce differs from domestic online shopping because consumers face more uncertainty before purchasing. They may not know the seller, the product standard, the return process, the delivery time, or the reliability of after sales service. Price can attract attention, but it cannot fully remove these concerns. For this reason, consumer perception plays a key role in purchase intention.

Recent research on cross border e commerce shows that perceived convenience, perceived value, customer service quality, consumption risk, trust, and attitude influence consumers' willingness to purchase on cross border platforms^[1]. This is highly relevant to Temu. The platform's low prices may increase perceived value, but they may also lead some consumers to worry about quality. Consumers may think the product is cheap enough to try, yet still hesitate if delivery and return policies are unclear.

Trust is especially important in this setting. A cross border platform must persuade consumers that a foreign purchase can still be safe and manageable. Research inte-

grating technology acceptance and commitment trust theory finds that the path to purchase intention in cross border e commerce cannot be explained only by usefulness or ease of use. Trust and commitment also matter because consumers need confidence before buying from sellers located outside their familiar market^[3]. Temu's challenge is therefore not only to make shopping convenient, but also to make low price shopping feel credible.

Consumer perception is also affected by platform recommendation. Cross border platforms use recommendation systems to show products according to browsing behavior, advertising response, and price sensitivity. Recent research finds that platform recommended advertising can influence purchase decisions in cross border e commerce, although its effect depends on how consumers understand the recommendation and whether they regard it as useful or intrusive^[2]. In Temu's case, frequent recommendation and promotional messages help increase exposure, but excessive pressure may damage perceived trust if consumers feel manipulated.

2.2 Seller Adoption and Regulatory Fit

Logistics is one of the most visible parts of the consumer experience in cross border e commerce. When goods are shipped across countries, delivery can be slower and less predictable than domestic online shopping. Consumers may accept longer delivery if the price is low, but repeated delays can weaken satisfaction. Research on logistics service quality and price fairness shows that both service experience and price fairness affect repurchase intention in e commerce, while cross border experience changes how consumers evaluate the relationship between service quality and future purchase^[4].

This point is important for Temu because its value proposition depends on the consumer's belief that low prices are still worth the waiting time. If delivery is acceptable and the product meets basic expectations, low price becomes a source of satisfaction. If delivery is uncertain or the product disappoints, the same low price may be interpreted as a warning sign. In other words, logistics performance helps determine whether consumers view Temu as a bargain platform or a risky platform.

Online reviews also influence trust. Cross border buyers often depend on reviews because they cannot physically inspect products before purchase. Review quality can reduce perceived risk and support purchase intention when consumers believe that reviews contain useful and credible information^[5]. For Temu, this means that review systems, product photos, customer ratings, and complaint handling are part of platform governance. They are not merely supporting features. They help consumers decide whether a low price product is acceptable.

The literature therefore suggests that Temu's strategy should be examined through more than price. Price attracts consumers to the platform, but consumer perception, logistics reliability, platform recommendation, review credibility, and after sales service shape whether the platform can retain them. A low price platform must manage trust more carefully than a premium platform because consumers may already suspect that low cost comes with hidden risk.

3 Case Background

Temu is operated by PDD Holdings, the parent company of Pinduoduo. Pinduoduo grew in China through low prices, social shopping elements, and strong supplier connections. Temu took part of this platform logic into international markets. Instead of building a traditional retail chain overseas, it used a cross border marketplace model that connected overseas consumers with manufacturers and sellers, many of whom were linked to China based production networks.

The platform entered a global market environment shaped by inflation, consumer caution, and demand for discounted goods. In such conditions, Temu's low price message was easy to understand. It offered consumers a way to buy non essential and everyday products at prices that seemed more affordable than those on many established platforms. The marketing strategy emphasized discovery, deals, free shipping, discounts, and a broad product range.

The business model also depended on high advertising investment. Temu needed rapid consumer acquisition in unfamiliar markets. Heavy promotion helped the platform increase visibility, but it also created cost pressure. Reuters noted that Temu's international expansion was costly and that PDD's sales and marketing expenses increased sharply during the period of expansion. This suggests that Temu's growth should be understood as a strategic investment in scale rather than as a simple low cost operation.

PDD's annual report also shows the risks involved in cross border e commerce. The company identifies customs duties, taxes, shipping procedures, regulatory scrutiny, trade restrictions, and cross border data issues as factors that could increase costs or make cross border e commerce more difficult. These risks are important because Temu's low price promise depends on the platform's ability to control costs across production, logistics, compliance, and consumer service.

The case therefore contains a clear management tension. Temu's advantage comes from low price access to global consumers, but its long term survival depends on whether this access can be made reliable, compliant, and trusted in many different markets.

4 Case Analysis

TTemu's global expansion can be understood through four connected management issues. They are consumer acquisition, supply chain leverage, trust formation, and institutional adaptation.

Consumer acquisition begins with price. Temu reduces the psychological barrier to trial by making the cost of purchase appear small. A consumer may not fully know the seller or the product quality, but a low price can make the risk feel acceptable. This explains why the platform can attract consumers who are curious, price sensitive, or willing to experiment. Low price also works well with digital advertising because it creates immediate attention.

Supply chain leverage supports the price strategy. Temu benefits from access to manufacturing networks that can provide large numbers of small consumer products. The platform can aggregate demand from many overseas markets and connect it with suppliers that are used to flexible production and competitive pricing. This allows Temu to offer wide variety without building a conventional retail inventory system in each country.

The same model creates quality control pressure. A platform with many low price products must monitor sellers, product descriptions, safety standards, intellectual property risk, and customer complaints. If consumers encounter too many poor quality products, the platform's low price image may turn into a low trust image. This is why merchant governance becomes a central task. Temu must decide which sellers can enter, how product information should be displayed, how reviews are verified, and how disputes are resolved.

Trust formation is more difficult in cross border markets than in domestic e commerce. Consumers may worry about delivery time, customs, payment security, returns, and whether product photos match real products. Temu tries to reduce these concerns through platform level promises such as delivery estimates, refund policies, buyer protection, customer service, and review systems. These mechanisms matter because consumers are often trusting the platform more than the individual seller.

Institutional adaptation is the final issue. Temu operates across markets with different consumer protection rules, import duties, product safety requirements, data regulations, and political attitudes toward Chinese platforms. This creates a more complex management environment than domestic expansion. A platform that relies on cross border shipment and low product prices may face new costs if customs policies change or if local authorities strengthen oversight.

5 Conclusion and Future Research

Temu's case offers several lessons for platform managers. Low price can help a platform enter new markets quickly, but it should not become the only source of competitiveness. If consumers associate the platform only with cheapness, they may leave when another platform offers lower prices. Temu needs to turn price based curiosity into trust based repeat purchase.

Product governance should receive the same attention as marketing. Aggressive advertising can bring users to the platform, but product quality and service experience decide whether they stay. The platform should improve seller screening, product information accuracy, review reliability, and complaint response. These actions may increase short term operating costs, but they protect long term platform reputation.

Logistics reliability is also part of brand management. In cross border e commerce, delivery experience is often the point at which the consumer judges whether the platform is dependable. Clear delivery information, stable tracking, simple refund procedures, and realistic service promises are more valuable than exaggerated promotion. Consumers may accept a longer wait, but they are less likely to accept uncertainty.

Temu also needs to manage institutional legitimacy. The company cannot assume that global expansion is only a matter of consumer demand. Customs policy, product safety standards, data rules, and political scrutiny can directly affect its cost structure and market access. A sustainable strategy requires local compliance capacity, transparent platform rules, and stronger communication with regulators and consumer protection bodies.

The case also has implications for suppliers. Temu gives manufacturers access to global consumers, but it may also pressure them through low prices, platform rules, and fast product cycles. Suppliers that depend heavily on one platform may become vulnerable if traffic, commission rules, or compliance requirements change. A healthier platform ecosystem requires sellers to improve product capability rather than compete only through lower prices.

Future research can examine Temu through consumer surveys, seller interviews, platform data, or comparative case studies with Amazon, Shein, AliExpress, and Shopee. It would be useful to distinguish between first time purchase caused by price attraction and repeat purchase based on trust. This distinction is necessary for understanding whether Temu's current growth represents temporary traffic or durable platform competitiveness.

In conclusion, Temu's growth reflects the rise of low-price cross-border e-commerce. Its future competitiveness will depend on whether it can build consumer trust, improve product governance, stabilize logistics, and adapt to different regulatory environments. Future research can further compare Temu with Amazon, Shein, AliExpress, and Shopee to examine whether its growth is temporary traffic or durable platform competitiveness.

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