Research on the Brand Promotion Strategy Based on Douyin’s Business Model in the Post-pandemic Era -- From the Perspective of Consumers

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Abstract. With the development of Internet technology, short video platforms, led by Douyin, are becoming increasingly popular among young people. The outbreak of COVID-19 has hindered offline shopping and brought unprecedented development opportunities to online shopping. In the post-pandemic era, Douyin has transformed its business model into an e-commerce industry. Many brands choose the Douyin platform as a publicity and sales channel, showing excellent development prospects for Douyin e-commerce. In this context, this study first analyzes the reasons for the rise of online shopping and the development of Douyin e-commerce from the pandemic’s impact. Then, this study will analyze Douyin’s business model based on big data analysis and oriented by consumer preference. Due to Douyin’s business model, content-oriented campaigns to meet the new needs of consumers in the post-pandemic era are the foundation for the company’s successful publicity. On this basis, this study will further explore the new needs of consumers. Finally, based on actual cases, this study will analyze the successful publicity cases of Michelle City and Hongxing Erke and summarize the publicity strategy suggestions of Douyin’s e-commerce brand in the post-pandemic era.

Keywords: Douyin, Brand Promotion Strategy, Post-pandemic, Consumer behavior

1. Introduction

1.1 Research background

From 2019 to now, COVID-19 has caused great damage to people’s health, and it also has had a negative influence on real-economy development. Take China, for example, and the first year quarter GDP decreased by 6.8%, which is the lowest amplification since its foundation. Also, more than 50% of companies’ income decreased by 20%, and only 9.96% of companies can keep their money for more than half a year. The tourism and service industry faces the danger of breaking down. Many restaurants and shopping malls are closed because people aren’t allowed to go there.

Online marketing begins to rise, and electronic commerce begins to develop. Simplify, Online marketing means that people buy things without seeing sellers. Shops show the photos or videos of their product online, and people who need this will order. Then shops post the product to their buyers. The pandemic had multiple effects on this kind of economy. First, because of the pandemic limit and the real economy’s broken down, the surplus purchasing power will certainly be invested in the complimentary online retail industry, which allows electronic commerce to develop. They can sell more things than before. However, the pandemic’s influence on transportation and productivity also caused trouble. Customers will pay more attention to whether the commodity they buy can arrive on time. There is a common case that people buy things they need immediately in 3-5 days. But because of the pandemic, all the commodities needed to be sterilized and arrived longer than the buyer expected. Then the customers will give the shop a bad evaluation, which will cause many problems for the shop.
Another serious problem is that the more popular online marketing means many fake commodities. More shops will lower prices to attract customers and sell fake things. Take the mask industry, for example. After the pandemic, they became very popular, and many people began to sell fake masks. The shop will show some photos of real masks and set half the normal price. People who want to save money will buy this and finally find the masks useless.

1.2 Literature review

Under such a situation, Douyin’s electronic commerce began to develop. The key concept of Douyin EC is interest EC, which means that the platform recommends the product to customers considering their interest and ability to afford it. Compared with the traditional way customers search for things they want, this new selling method will surround people and make things easier to sell. Douyin’s main way of marketing is short videos and live performances. Short videos are always used for Brand publicity, organizing materials, and creating commodity popularity, and live performance is a way of transforming. Experts are an important part of Douyin. They are also the main income of Douyin’s economy. They consist of celebrities and top anchors.

In August 2021, the number of people with a breakthrough of one million yuan on the Douyin platform Gmv increased by 8 times year on year; The growth of one million live broadcasting rooms is nearly six times the growth of ten million yuan live broadcasting rooms is 574%. Many industries rely on talent to bring goods, accounting for more than 50%. Cross-border e-commerce, beauty, food, smart home, and fresh and nourishing health care mainly rely on qualified people to bring goods. The number of people with goods such as jewelry, stationery, tonic, health care, local virtual, personal care, and 3C digital appliances increased by 10 times. It can be seen from the data that the monthly sales of zhuimi on the Douyin platform reached 16.769 million yuan, and the customer unit price was about 2500 yuan. The main product sought is the floor washing machine, of which the best selling one achieved a sales volume of 65 million yuan within three months, with a sales volume of 22000 units. By searching the data, we found that more than 60% sell is made by live performance and live streaming e-commerce host sells 1/3 by the celebrity or top anchor. Besides doing the streaming performance, Douyin also has a” dream up plan” plan that involves 3 parts: ability up, cargo up, and flow up. Ability up can improve the overall operating effect by allowing businesses to improve their operating power, flow rate, and quantity of goods. Cargo up is to give the right commodity to the right person through experts, sellers, and buyers. Flow up is mainly divided into hierarchical user identification, private domain distribution privileges, such as distributing the same content to different scene fields, and private domain scene construction. With these 3 ups, Douyin can let small or newly established shops develop quickly and compete with big brands. Finally, Douyin also programs its short video with 3H content, which is separately Hot Spot hot content (videos that are popular currently), Hashtag tagging content (videos that have the same tips), and headline advertising content (using Douyin as a platform to buy traffic).

1.3 Research framework

This paper uses the two Concepts: GDP (Gross Domestic Product), the whole income of a country, and GMV (Gross Merchandise Volume), the whole value of the merchandise, to explore the Brand Promotion Strategy based on Douyin’s business model in the post-pandemic era.

In terms of research structure, this paper will analyze why Douyin developed its e-commerce strategy and business model based on the background information on COVID-19. Due to the business model of Douyin e-commerce based on customer demand, this study will further analyze the new needs of e-commerce consumers in the post-pandemic era from customers’ perspectives. Many brands and enterprises have successfully adopted creative publicity modes that meet customers’ needs. This study will use the case study to analyze these successful publicity cases and, based on this, provide suggestions for other brands’ publicity strategies for Douyin e-commerce in the future.
2. Method

Case study is a kind of research method in that people follow the steps of discovering problems, finding problems, analyzing scenarios, and solving problems.

In this part, we take the company YiLi for example. From 2021.3 to 2021.6, the income turns from 170700 to 24855400. The main business method of YiLi is daily motion and motion activity. YiLi has streaming performance for over 12 hours every day to increase business volume. Also, it took part in the platform’s motion activities like 618 big sales and 1111 big sales. They all help increase many incomes. First, let’s focus on its performance. When people enter the performance room or click the icon on the screen to buy the product, the room’s popularity will increase, which means that it will be recommended to more people when they surf Douyin. Also, by searching the buying rate and interacting rate, we found that many people only watch the performance and don’t buy anything. So, to encourage them to buy, Douyin will send out a red packet and discount every 30 minutes or so. People will focus on the room to get the discount, and those who get the discount will be more likely to buy things. Take June 9th performance, and for example, the interaction rate is lower than on other days because people don’t like that product, so something needs to change. And in the same performance, a newly published product has only 1.4w turnover, but its exposure-transform rate reaches 6.65%, so this will probably be an important product.

Second, we analyze the motion activities of Douyin. Take the 618 big sales, for example. Sales = cumulative number of viewers * UV value. As long as the UV value and the cumulative number of viewers of 618 live broadcasts are estimated, the sales forecast value can be obtained. Use the UV values of 5 live broadcasts during 618 to calculate the average value and get 1.44. The estimation of the cumulative number of viewers can be estimated by using the network popularity index of the Tiktok platform during the double 11 festivals of last year; It is observed that the popularity of double 11 is 92% higher than that of November 6. Due to the increased promotion of the platform this year, it can be estimated that the popularity of 618 is at least 100% higher than that of June 13. It is observed that the live broadcast on June 13 has reached 395W in total, and its popularity is relatively high. It is estimated that the cumulative number of observations by 618 will increase by [0.5,1] times, so the cumulative number of views is estimated to be [592.5w, 790W]. The top 10 sales products of each live broadcast in June are selected from large to small according to the three indicators: exposure purchase conversion rate, exposure click conversion rate and click purchase conversion rate. Here are the five products we selected, which can be exposed in large quantities during the event. Before advertising, it is necessary to make user portraits, which is the distribution of portraits according to gender and age. If there’s enough time, the platform can also focus on what people need most, and they will also send trailer videos to attract more people. During the activity, there may be some time that popularity decreases, the advertising is needed to get people back.

3. Douyin’s business model

3.1 Diversification of business models

Douyin is a very popular short video app, and many users will rely on the business model of Douyin to obtain income. Some merchants are starting to join the Douyin. The business model of Douyin can be divided into advertising income, goods sales income, fans of live broadcast to brush gifts, goods, and online courses income. These special business models have brought huge incomes to many people and made Douyin even more famous. In the short video industry position is more consolidated.

3.2 The main marketing methods based on the characteristics of Douyin

The first is to make a profit through advertising [1]. Many video creators on Douyin create videos to attract fans’ attention and increase their following. When the number of fans is enough, some brands will take the initiative to contact these bloggers and ask them to add some brand products to
the video content, which is equivalent to adding advertisements in the video. At present, the per-click price of users is 0.2-0.6 yuan, and the number of clicks is directly proportional to the income of a blogger. This means that the more users click, the more money the blogger earns. Advertising marketing covers a wide range. Different bloggers can receive advertisements corresponding to their video content, especially in food, comedy, travel, music, talent, performance, and other aspects to showcase Douyin talent. Short video ads are more flexible than traditional ads. According to public data, the number of daily active users of Douyin exceeded 600 million in the first quarter of 2021, accounting for 60% of China’s 1 billion Internet users. Douyin currently has many users, and the quality of the video determines the number of fans and clicks. When there are many fans, the blogger’s income is also considerable.

Sales revenue is a new e-commerce model used by Douyin and is also the most important marketing model for Douyin. Merchants directly enter Douyin and sell their products, like Taobao and JD.com. Douyin official supports such marketing, and the requirements for opening an online store are very low. Users only need to release ten videos to open a store and sell products. Douyin can fully understand the needs of different users through big data, so it will push product videos to users who have demands. This method is very effective for product marketing.

Live streaming and fan gifting are common business models for many apps. Such as Kuaishou, Bilibili, etc. In this mode, anchors broadcast live on the platform and earn income through gifts from fans and the number of people in the live broadcast room. Douyin added a new idea of carrying goods on top of this model. Bloggers cooperate with brand owners in advance, promote, introduce and sell products during live broadcasts, and finally share profits with brand owners. Many users favor this kind of marketing method. Anchors will introduce the product very clearly during the live broadcast, which can let customers feel the product’s characteristics directly. If the product exactly meets users’ needs, some people will buy it and finally obtain income.

Offering pre-start courses is also part of Douyin’s business model. Some video creators attract many fans by sharing their expertise in certain fields and opening some online courses. Fitness bloggers, for example, offer online classes to help beginners guide moves or customize training plans. For some master’s professional video knowledge, creators are a good way of marketing.

3.3 The impact of the Douyin model on consumer demand.

Tiktok has been changing in response to consumer demand. In August 2018 shows that 83% of the user group is under 35 years old, under 24 years old, 25-30 years old, and 31-35 years old. Douyin’s main user group has grown from young users under 24 to 25-35[2]. When the target user group expands, different ages, gender, region, and other demographic characteristics will affect their content preferences and scenarios for using the product. Many factors will change consumer demand. Nowadays, Douyin and other e-commerce platforms are almost the same in terms of the variety of goods. In order to achieve the purpose of marketing, it is important to clarify consumer demand. Now consumers’ life of consumption demands is more intense to meet the needs of the personal life of various material products and spiritual products. For instance, people’s needs are for material products such as clothing, food, housing, and transportation, and their needs for cultural, educational, artistic, and other spiritual life. Most Douyin users download it for entertainment, getting pleasure from watching videos. But as time goes on, Douyin will start to push targeted videos as big data learns more about users. For example, if a user likes a fitness video for a long time, Douyin will send him videos containing fitness equipment, fitness teaching, and fitness food. When the user buys the product through these videos, it serves the marketing purpose of Douyin and satisfies the consumer demand.

Consumer demand has realistic needs and potential needs. Douyin will focus on the potential needs of consumers because Douyin has mastered big data algorithms, so it is relatively easy to understand the potential needs of consumers. The potential needs of consumers are unstable. On this basis, some promotional videos are easy to move consumers and then let consumers buy them to achieve the purpose of profit.
3.4 The new consumer demand evolved from the Tiktok model

Douyin’s “short, frequent, and fast” model has created a new consumer demand for “interest consumption”. For the traditional e-commerce model, consumers will open these e-commerce platforms only when they have shopping needs. Douyin’s big data algorithm achieves accurate matching, in-depth analysis, and prediction of each user’s preferences and behaviors to meet users’ potential shopping needs and help users discover many potential needs. Consumers may be motivated by promoting some high-quality videos to stimulate their shopping interest and finally consume. At this time, interest is greater than demand, and this kind of marketing will generate “interest consumption” of consumers. There are more young Users of Douyin, and this group is more inclined to “pay for interest”. Therefore, “interest consumption” has made many profits for Douyin’s e-commerce model.

Douyin’s interest e-commerce ecological model enables consumers to enjoy more consumption experiences and provides numerous new brands with rapid growth opportunities.

3.5 Custom station challenges -- user initiative and passive transformation

Breaking away from the traditional advertising marketing model, a custom site challenge is also a good commercial cooperation model [3]. After consultation with the brand, a topic about the brand’s products will be created in Douyin. Then more people will participate in the topic through the participation and publicity of online celebrities and finally complete the brand exposure. Achieve advertising value through Douyin’s unique tonality, large traffic flow, and strong distribution capability.

Internet celebrities’ customized advertising content can have a higher audience acceptance. Generally speaking, online celebrities will advertise some products with a similar content style to their videos, making the videos look more coordinated, explaining the products and the user’s view, and feeling more friendly. This can deepen the network red and brand side of the deep cooperation of the commercial model. Let the two sides benefit each other.

From the perspective of challenging topics, users have changed from passively accepting advertisements to actively creating them. For users, challenging topics is just a way of entertainment because Douyin itself is also an entertainment software. Users take the initiative to participate in advertising creation, and advertisers’ cognition will be deeper.

4. Discussion

This chapter will analyze two successful publicity cases of Douyin e-commerce and provide publicity strategies for brands on the Douyin platform based on these cases.

As analyzed above, Douyin short video platform uses a big data algorithm to match consumers with appropriate content. In the supply-demand theory, the demand side is also affected by the supply mode [4]. With the rise of the Douyin e-commerce platform, consumers’ psychology has also changed along with the characteristics of “short, frequent, and fast” short videos, showing the demand trend of interest consumption.

Interest consumption is a behavior promoted by stimulating shopping interest [5]. People’s interest in goods was hard to explain and was lumped together as “trends” in the past. The content that generates interest becomes a factor in the consumption decision. Due to the massive amount of content on the platform and the upgrading of Douyin’s big data algorithm, trends can be perceived, analyzed, and even predicted. By analyzing previous successful publicity activities, Douyin e-commerce can study consumers’ consumption preferences, gain insight into the trend, and make the company’s publicity strategy follow [6].

4.1 Create the trend

The creation of the trend is to make the audience participate in the second creation and brand promotion spontaneously through a series of publicity means and strategies. The three means of
communication mentioned by Le Bon in The Mob are assertion, repetition, and infection [7]. The word “repetition” is widely used in the Chinese advertising industry. In the past, Brain Platinum and Wong Lo Kat have proved this strategy effective on television. The popularity of Michelle City’s theme song proves that this strategy can still be an effective brand marketing tool in the Internet age.

Michelle City adopts the communication mode of short videos + music. In May 2020, Michelle City released a promotional video for its theme song, and by June, its promotional music had gone viral. On Douyin, Michelle City-related topics have been played more than 5.5 billion times, and the total number of topics has exceeded 10 billion. In June 2021 alone, Michelle City appeared seven times on Douyin’s top search list [8].

The advantages of Michelle City can be analyzed from two aspects: communication channel and communication content. The communication channels of Michelle City include online media platforms and offline stores. In the early stage of propaganda, the circulation of propaganda music played by more than 10,000 offline stores of Michelle Ice City makes the audience have subconscious memories, which lays a foundation for the later online widespread dissemination [8]. The songs of Michelle City are easy to remember and interactive [7]. The simple lyrics and melodies are closely linked to the brand positioning, reflecting the brand concept of “sweet honey” and “you and me” [8]. From the success of Michelle City’s propaganda music, we can conclude the basic path of the Douyin trend propaganda strategy.

First of all, the repetition of music melody makes it have a social communication point [7]. Second, the team decided on the timing of online publicity only after full publicity and broadcasting in offline stores. In addition, the brand invited Douyin KOL to participate in the second creation, which further increased the heat of the topic. The team runs a large advertising service to increase discussion and stimulate online creators to expand on the topic. Finally, when product-related topics become trendy, brands can continue to attract large numbers of consumers at a low cost.

In conclusion, in the case of successful publicity of Michelle City, a reasonable selection of communication mode and music content is the key to a successful marketing strategy. As offline stores gradually open up in the post-pandemic era, the combination of offline and online marketing will become one of the choices of future marketing strategies. A combination marketing strategy can use offline to attract the audience base, online to trigger the trend, online to attract consumers, online to promote the product sales marketing model, and effective use of online and offline advantages.

Advertising content should have its positioning and accurate resonance with target consumers. Repetitive advertising words are considered a symbol of low-end, but it just fits the brand positioning of Michelle City. While other brands should also pay attention to the fit of brand image when choosing advertising content and effectively answer the questions of the market.

4.2 Public opinion

Brand public opinion can greatly affect the brand image. Brand image quality can affect consumers’ brand preferences [9]. Therefore, establishing favorable public opinion is an important brand marketing strategy. Although many traditional Chinese brands have the advantage of traditional culture or national enterprises as public opinion, they still face the problems of reduced target customer groups, declining market share, and difficulty in competing with emerging enterprises. However, today, with the rapid development of online e-commerce, the rise of Hongxing Erke and other brands provides an excellent case for the revival of domestic brands with the help of online streaming.

The annual loss of Hongxing Erke reached 200 million yuan. Still, in a flood in Henan province in July 2021, Hongxing Erke donated 50 million yuan worth of materials to support the disaster area. After the news was posted on Weibo, it topped the list of top trending searches and drew wide attention on multiple platforms [10]. Hongxing Erke’s large donation has aroused widespread sympathy despite poor operating conditions. Hongxing Erke’s visibility on several platforms, including Douyin, has risen rapidly, and its online products have been snapped up. Sales exceeded
100 million yuan in a few days. On Douyin’s e-commerce platform, Hongxing Erke even advises consumers to consume rationally.

Hongxing Erke’s successful marketing factors are contrast, brand image, and positive interaction. First of all, the contrast between Hongxing Erke’s low-key marketing approach and other exaggerated live streaming e-commerce providers and the contrast between the enterprise’s active fulfillment of social responsibility and its operating conditions has made it well received by consumers. In addition, Hongxing Erke is trusted and sought after by stimulating people’s national and patriotic feelings, creating a good brand image [11]. The continuous communication and interaction between Hongxing Erke and customers on the platform maintains the heat of the topic and further shapes the brand’s positioning, showing a simple marketing strategy.

The root of corporate social responsibility supports Hongxing Erke. Many enterprises only stay in the general marketing stage in front of big events but do not break through the psychological cognition of the public.

Hongxing Erke’s successful marketing is accidental, but there are inevitable factors. In the Douyin e-commerce platform, domestic brands can make strategic attempts from product selection, audience positioning, and emotional appeal. In terms of products, prices and publicity are often used to attract consumers in traditional e-commerce live streaming, which is difficult to form long-term attraction. Domestic brands can start from the quality aspect to show their competitive advantages compared with “fake” and “low quality”. With the increasing influence of young people on the consumer market, precision marketing targeting young people has broad prospects. In terms of emotional appeal, people increasingly rely on products and services in the market for emotional needs. The ingenious use of emotional expression in marketing strategy, emotional communication, cultural identity, and value identity experience with consumers can effectively help increase consumers’ purchasing behavior.

5. Conclusion

5.1 Summary Findings

This research first learns about the origin of Douyin and the effect of the pandemic on this new way of business. Then this paper studies Douyin’s main business model and takes the company YiLi for example. Moreover, this paper studies Douyin’s current business ways: getting profit through advertising, Sales revenue, and live streaming. Among these methods, sales revenue is the most important for Douyin nowadays. This paper found the impact on consumer demand: They enable consumers to enjoy more consumption experiences and provide numerous brands with rapid growth opportunities. Finally, this study analyzes 2 successful Douyin’s commerce cases and provides several strategies based on these cases. The first one is to create a trend. Our group finds that the key to success is finding the right music from the success of propaganda music. Second, from Hongxing Erke’s success, this paper thinks Douyin can attempt product selection, audience positioning, and emotional appeal, increasing consumers’ purchasing behavior.

5.2 Research Significance

Many industries are affected by the pandemic in the post-pandemic era, and some traditional marketing models have begun to be eliminated. At the same time, new marketing models are gradually gaining the upper hand. The marketing model of Tiktok is one example. By analyzing the substantive strategy of Tiktok, the transformation of marketing mode, and consumer demand, Tiktok is regarded as a model. This research direction conforms to the current and future short-term leading marketing mode and has substantive significance for economic development analysis during the pandemic. The marketing model of Tiktok has enriched the marketing model in the market. It has injected fresh blood into the market.
5.3 Limitation and Future Study

However, there are still some shortcomings in this study. First of all, in addition to the influence of consumers on the publicity strategy of Douyin e-commerce on the demand side demonstrated in this study, there are also many factors on the supply side that will affect the formulation of the publicity strategy. The labor cost of publicity campaigns, the allocation of funds online and offline, the various government policies, and the innovativeness of campaigns will all be considered when formulating strategies.

In addition, in the post-pandemic era, consumer needs are changing rapidly, and copying previous successful cases does not guarantee the effectiveness of existing publicity strategies. In the absence of new ideas, the homogenization of advertising strategies can also lead to a loss of efficiency. E-commerce enterprises need to innovate and adjust publicity strategies appropriately according to the changes in actual Internet trends.

Therefore, in future research, studies on the impact of the supply side on publicity strategies or how to create and catch the Internet trends will become the potential direction for enterprises to study publicity strategies on the Douyin e-commerce platform. Studying the e-commerce market from the supply side can help brands understand the actual situation of current development. In contrast, studying consumer demand trends and Internet trends can help brands find innovation points, create new trends and formulate effective publicity strategies.

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