

Research on S2B2C E-commerce Model Based on SWOT Analysis: Taking Yunji as An Example

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Abstract. With the development of the Internet industry and the progress of the social economy, the e-commerce industry has brought new opportunities and challenges. E-commerce member is a new form of e-commerce based on four traditional e-commerce modes of B2C, B2B, O2O, and C2C. This paper discusses the application of the S2B2C (SUPPLE TO BUSINESS TO CUSTOM) model in the e-commerce industry. From the perspective of value chain model, this paper discusses the future development direction. It is found that the new e-commerce model of S2B2C paves the way for the arrival of the future C2B era. At the same time, the research also evaluates S2B2C according to the actual situation and puts forward suggestions for sustainable development in the future.

Keywords: S2B2C, Supply Chain, E-commerce industry, Business model.

1. Introduction

In recent years, with the development of the e-commerce industry, the market competition is becoming increasingly fierce and the market is gradually saturated. The old e-commerce industries, such as Taobao, JD, and SUNING, have basically divided the e-commerce market. However, with the rapid development of the social economy, online celebrity economy, and information industry, people's demand for customized and high-end goods is increasing, and a number of new e-commerce platforms are rising rapidly, such as getting goods and identifying goods. These e-commerce platforms use the mode of seller delivery and platform identification to provide personalized services for consumers, so as to occupy a place in the market. From this, it is indicated that consumers no longer pay attention to the previous way of comparing prices and choosing e-commerce platforms, but pay more attention to customized services.

Traditional e-commerce platforms mostly adopt B2C, C2C, and B2B models. As mentioned above, consumers are gradually following customized services, so the C2B e-commerce model will come in the near future. C2B mode refers to a sales mode in which consumers contribute value, businesses or enterprises consume its value, and consumers directly connect with businesses. Its core is personalization, taking consumers as the center and meeting the needs of all kinds of consumers [1]. S2b2c is the transition mode from B2C to C2B, it is a new e-commerce model, social e-commerce is a derivation of the traditional e-commerce model. t makes use of trust, interaction and communication between users to establish social relations and split [2]. Yunji is the representative of this e-commerce mode. With this unique e-commerce model, it has achieved the legendary myth of having hundreds of millions of members in the e-commerce market. Domestic and foreign scholars have studied the e-commerce business model for a long time.

S2b2C mode is a new e-commerce model, social e-commerce is a derivation of the traditional e-commerce model. It makes use of trust, interaction and communication between users to establish social relations and split and it proposed by Professor Zeng Ming of lakeside University and Mu Sheng, a postdoctoral candidate in Business Administration at Guanghua School of Management of Peking University [3].

In S2B2C mode, S (Supplier) refers to a complete supply terminal, which directly empowers many B (business, channels, or service providing members) in the e-commerce platform with its powerful and complete supply terminal, so as to better serve C[4]. Among them, the complete supply terminal referred to in S usually refers to an e-commerce platform and its behind suppliers, that is, manufacturers, who reach cooperation through negotiation. At the same time, the platform also reaches a cooperative relationship with logistics companies, so as to form a completed supply chain system. B-end does not refer to an individual, but a collection of many small b in the e-commerce platform. Such groups often have a certain number of customers who follow their own, that is, consumers, who have the strong ability to contact and deal with C-end users.

Any business cooperation is based on the needs of interests. Of course, S2B2C is no exception. The S-end lacks the ability to contact the C-end. However, the current e-commerce market has been weak in attracting C-end users by means of advertising or data push, so the B-end is needed to help the S-end complete this link; On the other hand, although the B-end has the ability to contact and master the C-end, it lacks a standardized supply chain system, so it is difficult to expand. At this time, the B-end needs the S-end to empower him, so as to get better development; C-end users hope to get customized services at a low price and meet their own needs. The traditional platform mode cannot get customized services quickly and cheaply because B-end cannot connect with suppliers in time. Therefore, the model of S2B2C was born, which reorganized the industrial chain. This model brought a complete supply chain system and efficient marketing model to the extreme. This paper takes S2B2C as the research object, analyzes the impact of internal and external factors on the research object, and puts forward reasonable suggestions on this basis.

2. Data and Method

2.1 Introduction

Yunji is an e-commerce platform brand of Yunji Sharing Technology Co., Ltd. It was established in May 2015 and was officially listed on NASDAQ in the United States on May 3, 2019. It is the first member-based e-commerce company listed in the United States in China. Yunji's e-commerce platform is the largest platform in the current social membership e-commerce platform. Its logistics has 40 self operated warehouses and 445 joint warehouses, covering 22 cities, with a maximum daily sales of more than 1 billion yuan[5]. Through the analysis of its financial statements for the third quarter of 2020, it was found that the number of members of Yunji continued to maintain steady growth, and the number of members increased from 10.77 million in the second quarter to 12.3 million, an increase of 14.2%; in the past 12 months, Trading members increased from 4.2 million to 9.4 million, a year-on-year increase of 122.7%. It can be seen from this that the membership base and renewal rates are growing steadily.

In terms of business, users must first become paid members when entering the platform. The platform will only provide members with selected products in all categories such as beauty and personal care, mobile digital, maternal and child toys, and fresh fruits.

The paid membership e-commerce platform represented by Yunji, that is, users must first pay to become members when they enter the platform, and the platform only provides services for members. This form comes from the business model of the Costco supermarket in the United States. The platform only needs to provide services to customers who have become members. By limiting the number of customers, the merchants have enough energy to provide each member with more meticulous and considerate services. Membership e-commerce can establish a highly viscous partnership with users by accurately obtaining customers and targeting specific user groups and outputting specific rights and products[6]. At the same time, it can help the platform to control costs. The platform no longer needs to provide a variety instead, it makes big data recommendations based on members' purchasing habits and wishes, which can help members save time and energy in selecting products and realize the platform's service of selecting high-quality products.

Yunji Company makes full use of the convenience brought by social networks and common form of micro-business promotion in the marketing and promotion stage. However, unlike other models, the Yunji platform and the Wechat business have a two-tier relationship of service and employment at the same time. Wechat business is initially a member of Yunji. On the basis of enjoying the benefits of Yunji members, if you want to earn additional income, you can be hired by Yunji and use your circle of friends to help Yunji sell products. This form reduces the risk of micro-business people, because they are just platform hirers who sell and earn commissions, and do not need to consider other processes such as purchase, delivery, return and exchange. At the same time, WeChat merchants themselves are also users of the Yunji platform. The products they sell to those around them are highly rated on the basis of their own use, so it can also reduce the risks of new consumers when shopping, and get new products more easily. consumer trust [7].

2.2 SWOT Analysis

SWOT analysis, S stands for strengths, W stands for weaknesses, O stands for opportunities, T stands for threats, is based on the situation analysis under the internal and external competitive environment and conditions, will be closely related to the research object of various main internal strengths, weaknesses and external opportunities and threats, etc., are listed through investigation and arranged in matrix form, and then using the idea of systematic analysis, various factors are matched and analyzed, and a series of corresponding conclusions can be drawn from them, and the conclusions usually have certain decision-making.

Among them, the comparison of advantages and disadvantages mainly focuses on the comparison between its own strength and its competitors, while the analysis of opportunities and threats focuses on changes in the external environment and possible impacts [8].

3. SWOT analysis

3.1 Summary

Based on Yunji's internal supply chain, management, and other issues, this paper analyzes its advantages and disadvantages for the future development, redefines the development opportunities and threats according to the current national epidemic situation(COVID-19) and the external market competition, and expounds the arguments for the final conclusion.

3.1.1 Strength

Efficient and low-cost product supply side. In the S2B2C mode adopted by Yunji, in this mode, when the S-end provides products to the B-end, most of these products are processed by the OEM. Initially, Yunji cooperated with enterprises of well-known brands in the upstream. These enterprises often have the core technology of goods, but they often do not have enough capacity for large-scale production. In order to solve this problem, Yunji also cooperated with enterprises with rich labor resources downstream, so as to complement each other's advantages and obtain high-quality goods by using the core technology of upstream enterprises and the efficient production efficiency by depending lots of productivity of downstream enterprises. Yunji renamed these products and selected popular brands for sale according to practice. This mode is called ODM mode which enables Yunji to greatly reduce the supply cost and skip the premium phenomenon caused by the middlemen in the traditional mode. Therefore, Yunji can have an obvious advantage in the pricing strategy. Lower product pricing can harvest many channels in the B-end, furtherly, a large number of channels can contact enormous consumers. Through the efficient and low-cost product supply end at the S-end, B-end can better serve consumers.

As both channel (B-end) and a buyer (C-end), it is easier for channels to gain the trust of consumers on the C-end. Channels are consumers, and consumers are also channels, this phenomenon builds interactive grids that contribute to channels and consumers become stakeholders, which makes channels more able to establish a sense of trust. Channels come from consumers, thus they know

more about what consumers need and can better capture consumers' psychology. Therefore, for C-end consumers, they can fully feel the dual advantages of traditional e-commerce and traditional retail through the S-end platform. They can not only have a good offline experience of goods, but also consume conveniently online[9]. At the same time, it is precise because of this relationship that customized services can be realized. The traditional B2C \ C2C can not quickly and cheaply respond to the customized needs of consumers, because they, as a single individual, often can not provide one-to-one and detailed services due to lack of manpower. However, each member of the B-end in S2S2C mode will contact their relatives and friends so that accurately meet the customized needs of the C-end. Under the S2B2C mode, Yunji can share shopping, creative contribution, collaborative production, word-of-mouth communication, and active consumption by building community interaction, so as to maximize the integration of C-end and B-end [10].

B-end does not need to undertake the inventory cost. Yunji adopts S2B2C, thus all supply chain systems are provided by the Yunji platform. While B-end only needs to wholeheartedly expand user groups and promote sales, which can also attract more channels to settle in, and can use SaaS provided by S-end to locate consumer groups, handle consumer relations and push advertising. Traditional e-commerce businesses often need to invest a large number of resources for publicity and after-sales treatment, but S-end provides these services for end B through S2B2C, making twice the result with half the effort.

The membership system under S2B2C improves user stickiness at the same time, which makes the consumer market expand rapidly. According to the sunk cost strategy, consumers often invest more money or bring in more relatives and friends to make the consumption of previous members more worthwhile. Not only can it rapidly expand the user group, but bus also firmly locks most of the user groups through the membership system.

3.1.2.Weakness

The S2B2BC is too complicated to easier make mistakes in some parts. The realization of S2B2C is very dependent on the empowering ability of the S-end. Every part of the supply chain formed by the S-end is indispensable, for instance, Yunji chooses ODM in the product supply chain. Although it can save costs on the premise of ensuring quality, it often falls into the quagmire of trademark disputes. Besides, the S-end to the B-end is not simple. The backward production mode and the old supply logic have made the B-end market seriously disconnected. In the face of the upgraded user demand, the S-end needs to spend a lot of effort to transform the B-end. Finally, the consumers of the C-end are scattered, and the willingness to buy goods is closely related to the marketing ability of the B-end. The entity of this kind of community is weak, the relationship is unstable, and it is difficult to manage or motivate in a wide range of dimensions. Due to the difficulty of community management, Yunji is very easy to lose customers.

The role of price effect in consumer groups decreased. Low prices and subsidies are the core of the membership system. However, as the subsidies of major e-commerce platforms compete with each other and there is an upper limit of subsidies, the price effect is weak in the user group, and users' willingness to renew members will also decline.

3.1.3.Opportunities

S2B2C is the transition mode from B2C to C2B. Consumer personalised preference is the decision-making origin of C2B personalised customisation enabled by big data, that is, consumers are in the dominant position in the C2B personalised customisation mode enabled by big data [11]. The core of S2B2C mode is the cooperation between S-end and B-end, which is jointly committed to serving C-end. Compared with the O2O concept, O2M pointed out that the Online part of Online to Offline has a flow process, that is, the process of transformation and traction from the traditional Internet to the mobile Internet, and also pointed out that the Offline to Online part also has a flow process, that is, from offline to offline. For the drainage to the online mobile terminal, the endpoint of all flows is on the mobile terminal. The flow of the entire O2M model is a horizontal model around the C-end. S2B is a "supply chain platform + enterprise" Internet business model, "S" is an integrated supply chain

platform; b" is a large platform corresponding to tens of thousands or even hundreds of millions of dealers. The difference between "S" and small "b" is not a simple buying and selling relationship, nor a traditional franchise relationship, but an empowerment relationship. The meaning of empowerment is that b can use the support of S in a personalized way so that it can cultivate its traffic depression in the local market, not a franchise. Simple standardization of the relationship. S can assist b to fulfill the needs of c more comprehensively and multi-dimensionally. In the future, with the continuous development of S-end and B-end, in fact, different links of the original linear supply chain will be reconstructed to form a collaborative network in the middle and upper reaches. Therefore, S2B2C is likely to innovate the C2B model in the future e-commerce market. This model will bring more value innovation than the traditional model, which is the future development opportunity of S2B2C[12].

3.1.4.Threats

This part will analyze threats based on supply and demand. From the perspective of the supply side, industry network collaboration has not yet been formed. From the perspective of informatization, datamation, and networking in most industries, taking women's clothing, which is relatively active in Tao-based e-commerce as an example, the retail and marketing ends have completed informatization, but there are still information islands in the supply chain field. Internet celebrity e-commerce, which is now popular in the e-commerce industry, lacks design capabilities and does not have its own supply chain, but because it has traffic and user portals, it can realize real-time interaction, tap and stimulate demand, and even allow users to participate in product design through product pre-release. The C2B model requires a relatively dense and precise collaborative network foundation, while S2B builds a platform through the supply chain platform formed in each industry to complete the preliminary network collaboration on the supply side.

From the demand side, personalized consumption creates a flexible supply chain. Consumer demand has entered the era of personalization from popularization. In the future, personalization will be popular. The starting point of personalization is to establish continuous interaction with customers. In the industrial age, each customer and consumer was an independent individual who passively accepted advertisements and pushed products. However, in the Internet age, due to the infrastructure of information technology and the social interaction of extensive communication, customers have various social scenarios that come together in advance. In the era of personalization, which is the popularization of consumption, the most valuable and needed thing is a collaborative network. The global dynamic optimization of the collaborative network can produce a supply chain customized on-demand in real-time to meet the individual needs of any node at that time. Therefore, personalized demand has given birth to a flexible supply chain, and the platformization of the supply chain has given birth to the S2B model.

4. Conclusion

The e-commerce model of S2B2C makes up for the shortcomings of the previous e-commerce model. Although the actual operation is difficult, it also greatly meets the needs of consumers, more carefully realizes the needs of consumers for personalized services, and brings China's e-commerce market to a new level.

In fact, the current S2b2C platform more or less provides this power to B, but otherwise it is not enough to arouse people's interest in the platform's solution. On the other hand, this type of empowerment is also necessary for the realization of online industrial chain data. Otherwise, a large number of processes of B serving C are not online, and S is completely unable to participate and is reduced to a mere integrated provider.

On the one hand, excellent suppliers are selected for centralized procurement by channel providers; on the other hand, SaaS tools, technical support, and training are provided to channel providers so that they can better serve customers. The significance of S2B2C lies in that it is the first breakthrough innovative business model in the era of intelligent business. It is possible to realize network collaboration and data intelligence at the same time, and has great development potential. On the one

hand, S2B2C mode further begins to take C as the core, because small B needs to realize real-time interaction with C to show its value. At the same time, the continuous development of the S platform actually reconstructs different links in the original linear supply chain and forms an upstream collaborative network. Therefore, on this basis, it is possible to evolve the next more innovative C2B mode.

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