

Red's Community Marketing Model Research Based on UGC Cross-border E-commerce

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Abstract. Affected by the epidemic in the past two years, all industries are facing a lot of suffering. But it's a very important opportunity for the short video industry because people are spending more time at home and more free time on the Internet. Major companies have also seized this opportunity to develop and launch online platform apps, and many high-quality platforms have been found and deeply loved by people. The Red platform is one of them. It has its own uniqueness to emerge from the highly competitive network platform. This paper focuses on the marketing strategy of the Red platform based on UGC. The characteristics and advantages of the platform and its development process are described and analyzed in detail, and it is compared with other platforms. In the end, it was found that Red is just to seize the user-centered, so that users can operate independently to build a community, such a unique marketing model to attract customers and stabilize customers. At the same time, some suggestions about the development of Red are put forward.

Keywords: UGC strategy; Red Platform; advantages.

1. Introduction

Now the Internet has become more and more developed and major companies have developed network apps to expand product popularity. There are a lot of players on each platform to compete. China's short video industry is rapidly emerging and the market size is constantly expanding. Nowadays, a short video has become a popular practical tool for recording daily life. According to the data, in March 2022, the number of short video users in China has reached 954 million people, and the usage time has reached 68.971 billion hours, which is mainly reflected in the growth of the user usage time of the short video comprehensive platform, with month-on-month growth of 13.82% [1]. Red was born in such a social background. The Red's first product is the Red outbound Shopping Guide, which has received 500,000 downloads on one website. However, due to the fragmentation of information, the company could not generate timely and two-way interactive feedback with users. Therefore, in 2013, the "Red Shopping Notes" APP was launched. At the very beginning, Red built the User Generated Content (UGC) business model, providing an interactive platform and useful information for various overseas shopping customers. In 2014, Red moved from overseas online shopping information sharing to cross-border e-commerce, but the domestic overseas online shopping e-commerce boom is booming. As the first platform to enter the market, Red has enjoyed the first wave of capital dividends. In 2014, Red began to adopt the B2C self-management model, directly docking with overseas brands and large traders, providing help for the realization of e-commerce. In 2017, Red began to use the star effect to drive the traffic of the platform, changing from an overseas online shopping e-commerce platform to a community software for life sharing. In addition, all kinds of sharing related to daily life in Red have formed a very good UGC atmosphere. In 2019, Red also added the "brand number" position, where users can make consumption decisions through the product reputation found in Red's notes. By creating a "brand number", users can be more quickly recommended or removed the products from the shopping carts. UGC community has always been the core of Red's vitality and transformation power. Based on UGC's community marketing model, Red has been continuously evolving its strategy and finally developed its own unique community platform features. This paper will specifically analyze the marketing strategy of Red based on the UGC model to find out the characteristics and advantages of the platform and its development process that help Red stand out from a host of other platforms and also compared to other platforms [1].

2. Basic Conditions of Red APP

2.1 A Way of Life Community

The little red book is a way of life community, and its uniqueness is the largest. Most of the Internet community depends more on online virtual identity, while the Red user content comes from real life. A user through the online sharing "consumer experience," and "community interaction" can promote other users to consume "offline". These users, in turn, engage in more "online sharing", creating a positive cycle [2]. As people's lives become more and more digital, Red community plays a greater social value in the tide of "consumption upgrading". In terms of consumption power distribution, the users of Red used to be medium and medium-high consumers, but the proportion of low and medium-low consumers has increased rapidly in recent years. Earlier versions of Red forced users to log in immediately after entering the app in order to register for user growth metrics, or they could not continue using the app. At present, this setting has been canceled in Red. By default, unregistered users can directly browse after filling in their personal interests, and register only when using advanced functions such as Posting notes and interacting with users. This change reduces the number of steps new users have to take to open the app and start using it, reducing user churn. The section on personal interest and information filling reflects the excellent personalized recommendation of Red. Each step is optimized according to the information filled in the previous step, so that the page seen by users after entering Red is more suitable for personal needs. After entering the app, the guidance of Red to new users is also very clear, which can well improve user conversion. On the discovery page, there is a prompt "click on quality content". After clicking on it, "View related notes" is displayed at the bottom of the page. "Try double-clicking the like button" will appear right in the middle of the note details. After a "like" is placed on the page, interesting encouraging words such as "guess what will happen next" and "thank you for liking" are displayed, and each prompt is different to motivate the user to interact. If a user turns off Xiaohongshu's notifications, after a few likes, Red will ask the user whether to allow push notifications to increase the likely frequency of usage. These also reflect the high degree of detail control of Xiao Hong Book [3].

2.2 Customer Service

The B end is mainly for enterprise users and merchants, providing various marketing activities for brand owners on the community platform. The C terminal is mainly aimed at individual users to meet the needs of users for a perfect and high-quality experience on the community platform [4].

The audience group of Red has the following characteristics: first, mostly female users, accounting for more than 80%; second, the majority of young users, concentrated in 18-35 years old, among which 25-35 years old users have the highest proportion; third, the majority of the audience of medium and above consumption power.

2.3 Creating Value

2.3.1 Focus on customer needs

The Red also strengthens brand communication. The way of content sharing has become more diversified, from pictures and text a few years ago to short videos, live broadcasts, text interaction now, and improved users' immersive experience. With multi-directional information, users can find interests, hot topics and information on the search page.

2.3.2 Active sharing

"Active sharing" is the value that businesses see in the Red, which provides a broader idea for product development. Hefang Sun, the founder of He Jewelry, pointed out in an interview with Economic Observer that a designer will set a subjective label for the product. For example, it is an intellectual style product, which is more suitable for matching white clothes. But Hefang Sun saw a lot of consumers in the Red doing the second creation, such as folding or matching with a cooler style. Hefang Sun pointed out that this has opened up more inspiration for her creation [5].

3. Differentiating Strategy between the Company and Its Competitor -TikTok

3.1 Red

3.1.1 User positioning

Red divides its users into two major categories: quality content producers and ordinary users. Through the high-quality content producer, the bloggers with a large number of fans or the official accounts of various brands can share their daily life and plant grass to attract new users to get traffic. Ordinary people are mainly positioned as young female users aged 20 to 35, and then actively explore to meet the needs of male users. In order to build a harmonious, healthy and high-quality community platform, Red has a strict platform review and supervision [6].

Red follows the "decentralized community model" - the KOC is dominant. KOC does not have many fans, and the number of fans is often between fifty thousand to ten thousand. Users don't use Red because of those KOL, but they want to get the information they want to know through the software. Compared to KOL, who receives a lot of ads, and sometimes the content they share is not exactly what they want to recommend. From this point, users are more willing to be attracted by the KOC to be recommended [7].

3.1.2 Marketing strategy

UGC model refers to users' own original content to realize users' "intelligent manufacturing". In this way, any user can publish content in the community to share with others, and users are more willing to believe in the real user experience of sharing, in order to achieve the purpose of planting grass with each other.

According to the needs of users, Red official continues to expand the product brands and categories, introduce high-quality brand merchants and KOL, and find niche brands in the notes released by users for promotion. In order to strengthen customer viscosity, Red also thoughtfully set up historical browsing records to prevent users from losing the opportunity to be recommended that they did not have time to like and collect them.

3.1.3 Platform characteristics

Red focuses on real daily sharing and recommendations, using text and video. Red doesn't allow drainage outside the station, and currently cannot be hung in the works with goods. Users can open their own shops on the platform or cooperate with brands to promote them.

3.1.4 User portrait

The users of the Red platform are becoming younger, mainly female users. Users value more practical value. When people buy things, they will search for Red before deciding whether to buy them.

Red is still in the dividend period, there is much room for rising. If it is a new person, it is recommended to choose the Red platform. There are plenty of opportunities available here.

3.2 Tiktok

3.2.1 User positioning

TikTok has been launched to target the user group in first and second-tier cities. According to the 2018 data, 85% of TikTok's users are born in the 1990s, and are getting younger. They have a strong willingness and ability to spend and are willing to try new things. TikTok's short video platform pays great attention to the vertical segmentation of KOL. Because KOL has a large number of fans and traffic, KOL has a great influence and attraction to other users. With big data, TikTok can automatically analyze users' preferences and push their favorite short video content.

3.2.2 Marketing strategy

TikTok emphasizes the clear positioning of the account number and makes the account content vertical. Similarly, as mentioned above, TikTok cooperates with many stars to make full use of the

star effect. The users can buy the goods they want, and the stars themselves can also get the corresponding traffic. TikTok skillfully combines music and advertising, attracting users through music to achieve the effect of publicity.

3.3.3 Platform characteristics

TikTok content is dominated by short videos, which are relatively more entertaining and faster-paced. People can directly link to the Taobao platform for shopping. In terms of realization, the TikTok mechanism is more mature and more inclusive.

3.3.4 User portrait

TikTok exists for all ages, and the distribution of men and women is relatively balanced. People who click into TikTok have more entertainment mentality. TikTok, with a larger user base and a more active population, is now perfected and forms a closed loop [8].

4. Competitive Advantage

4.1 Application of UGC Mode

Every video picture and text in the Red is derived from the user's use experience. They include the most real purchase and use feelings, which may be positive and negative. They are all designed to share their views with other users and help them to be recommended or remove products. Similarly, even if Red also has some KOL, they will promote the products based on their use feelings. Moreover, because it is user-oriented, its content is widely distributed, reflecting diversity, and users can find a lot of information that they want to search for. In addition to the huge group influence, the Red platform is also favored by the outside world and reduces the cost of the platform itself. The Red platform attracts users through various channels, stimulates users' creative motivation, improves users' activity, and highlights the great value of its own platform to the outside world.

4.2 Accurate User Positioning

At present, Red places women as the dominant place, who have a high degree of education and a certain desire to buy. As consumers, they spend some time browsing the shopping platform and compared with men. They are more likely to be impressed by other people's sharing experiences to buy goods. They are also more willing to share their use feelings and share their daily life with others. Red also grasped this point, fully broadening the content of beauty makeup. As can be seen from Figure 1, Red beauty field brand advertising investment has surpassed the three giants of Weibo, TikTok and WeChat.

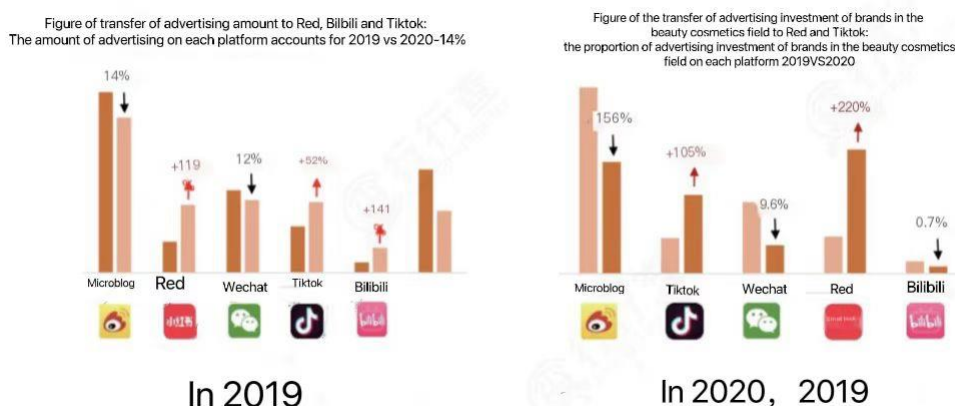


Fig. 1 Advertising investment [9]

Red encourages users to share their daily routines and form a real community communication platform. Through real feelings, users can not only express their thoughts and discuss them deeply after watching other users' videos, but also attract traffic and give useful suggestions to other users.

Because users can create a new personality on the Internet, such an "anonymous" way makes users more willing to express their most authentic views on the Red platform, so they can give other users the most authentic feedback.

In the early days, Red gathered a wave of active users who love overseas online shopping, showing off a variety of global good goods and shopping strategies every day, and guiding many "small white people" without overseas online shopping experience to quickly know the use of products. They saw the photos and shopping experiences of their predecessors in Red, making the whole platform of Red become an encyclopedia of overseas shopping, attracting many unfamiliar users [10].

4.3 High-quality Community Operation

There is no buying and selling relationship between the users of Red, but it exposes the "product experience" and encourages users to continuously output content through high-quality community operation. When these contents form a good word-of-mouth accumulation, users have trust in the platform, and then develop into overseas shopping e-commerce [10].

4.4 Conquer with Knowledge and Content

The value base of social marketing is to share knowledge and content. Because knowledge and content can solve user conflicts, conquer "her" first, and then talk about what to buy. In the social world, the most important thing for consumers is not what products are supplied, but what products demand. Red has a good job of this, aiming to conquer users with knowledge and content, rather than bombing users with ads [10].

4.5 Continuously Upgrade the Core Competitiveness

Red has been upgraded from its original "consumer-centered thinking style" to its "competitor-centered thinking style". After Red is transformed into an e-commerce platform, the surrounding competitors have increased, such as Kaola Overseas Shopping, which means that users also have more diverse choice directions. In order to cope with this situation, Red invited Hu Ge as the spokesperson. He is not only an advertising endorsement, but more importantly, he plays the explorer and finder of overseas lifestyle, discovering a better lifestyle from the perspective and mentality of users. This approach has produced a great appeal to users [10].

4.6 Precision Marketing and Promotion Direction

The Little Red Book takes notes to recommend. Red notes that the Recommendation ability is strong. First, among them, Red mainly relies on the star recommendation, KOL promotion, KOC recommendation to increase brand exposure. Relying on the drainage ability of stars, to build brand awareness, and the form of publicity is mainly personal recommendation, less commercial nature, and then increase the users' trust in the goods, so as to transform into direct purchasing power. Second, KOL and KOC grass methods were used. KOL is an opinion leader. Someone who speaks in a field and has some influence. Red is a content-sharing community mainly based on UGC, among which KOL has a huge influence, and the effect of brand education and brand publicity for fans is more obvious. The KOC is the key opinion consumer. KOC refers to the consumers who can influence their friends, fans and produce consumption behavior. Compared to KOL, KOC has fewer fans and less influence, and its advantage is more vertical, cheaper and closer to consumers. The KOC promotion of pavement volume can also affect the consumption decision of users. All kinds of commodity brands open professional numbers, carry out brand publicity on the basis of professional numbers, write notes according to the brand advantages, and accumulate fans and brand exposure. Red also pushes quality notes intelligently through big data. The information flow ads on the discovery page are distributed in the form of algorithmic recommendations to help the brand to better

increase the exposure of quality notes and reach more users. Search advertising can accurately reach intended customers through brand words, category words, industry words and other keywords, forming expected transformation [11].

5. Network Effect

5.1 Social Power

Users generally use the Little Red Book for their needs and want to know the information about the products they need. After searching and understanding, users compare the different businesses of the same product, and choose between the use feelings of other users, and finally buy the most suitable one. In addition, goods in Red can be added to the notes, so users can directly click to buy. Because people are eager to get attention, after buying and receiving goods, they are also willing to share their use feelings with others. In this way, they can spread widely and more and more users can join in.

5.2 Follow the Market Closely

Little Red Book is very good at catching the current hot spots. Every week, Red officially pushes the "note inspiration", including the most popular and hottest topics and the official events. Users can use this "inspiration" to participate in activities or post notes to get traffic. In this way, a large number of notes and product link promotions directly contributed to the user's desire to buy.

5.3 Star Entry

Stars bring their own traffic, and the majority of stars stay in making their own fans join the little red book platform, expanding the number of users of the platform. It is a good strategy to use the star effect to expand the popularity of goods.

5.4 High-quality and Diverse Content

Red officials will push high-quality content and notes meeting users' interests according to users' browsing records, and make a total of users' references to attract users' interest. In addition, every video on the Red platform will be viewed for users' reference. Red not only involves beauty makeup, skin care, fashion and hairstyle transmission, but also includes film, photography, painting, professional skills, etc., with complete columns, which can greatly meet the needs of users. Figure 2 shows how the whole platform generates a positive feedback loop.

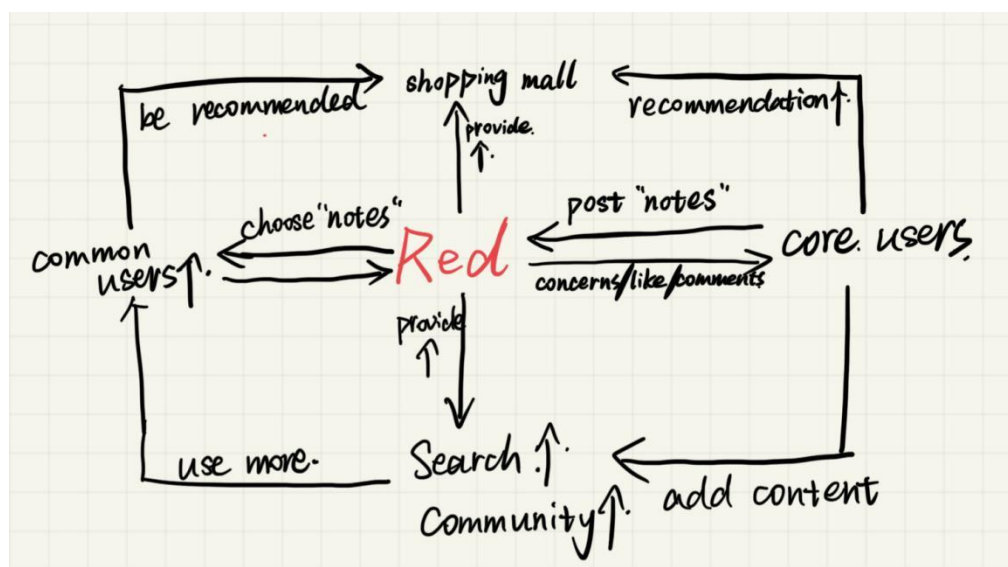


Fig. 2 Positive feedback loop diagram(Photo credit: Original)

6. Charge Strategy

6.1 Charge the Admission Fee

The Red platform charges admission fees to business brands who want to join the Red platform. Admission fee includes two parts: a security deposit and a small red book service fee. The deposits vary between different merchants. The general domestic brand is 20 thousand yuan. Foreign brands account for \$3,300. The service fee is the service commission drawn by the Red platform [12].

6.2 Charge an Enhanced Access Fee

The little red book adopts the way of potato fries promotion. "Chips" aims to provide product traffic for small and medium-sized businesses and content creators, and help to create explosive text and account increase powder. French fries are divided into two versions: content heating board and marketing version. Content promotion for platform-oriented individual creators, helps account rise fans and notes exposure. Marketing promotion is applicable to individuals and businesses with clear commercial marketing intentions. It can be used to promote marketing content such as selling products or broadcasting live preview notes. At the same time, using this promotion, users can directly click on the component next to the notes to consult immediately and can automatically jump to the consultation window, making the service more convenient.

For personal accounts, they can be promoted through potato currency recharge to gain more flow. Red has its own virtual currency called potato coins, users should pay at least 750 potato coins (75 yuan) to recharge. Apple will also charge an additional 30 percent fee. For the enterprise account number they can be through the enterprise cash wallet, but also can apply for an invoice. After using French fries for promotion, the system will automatically push the note content to the discovery page of the most active people most related to the notes according to the user's big data [13].

Red also makes profits through selling goods in online shopping malls and opening its members. By expanding the online mall and making the variety of goods more abundant, the Red platform can directly cooperate with the brand side. The daily activity of the platform is very amazing, and the platform earns profit through user consumption. Red launched an annual fee system of 266 yuan per year. After becoming a member, the mall goods will have a certain discount, free delivery, exquisite gifts and exclusive customer service [14].

7. Conclusion

Considering all the factors and the analysis above, there are some suggestions to improve the Red. First, Red can strengthen the control of content authenticity. As more and more users use the book, a large number of water army and advertisements flooded into the platform. This also leads to some serious results, like many notes exist fake, imitate plagiarism and other problems, in order to gain traffic. If this phenomenon is not regulated, users' trust in all kinds of notes will be greatly reduced, and there will be positive and serious results will be brought to the Red platform. Therefore, the Red platform should severely crack down on this phenomenon and warn against illegal accounts. Second, Red can inspire the production of quality notes. For those producers of high-quality notes, the Red platform should be rewarded. For example, when the number of likes or collection comments on a note reaches a certain number, the Red platform can give some benefits, such as a full discount in the shopping mall, promotion of the next note, more traffic and more traffic. This incentive is used to promote more users to share notes. Third, when developing products, the most important thing is to directly hit the pain points of users, and then constantly upgrade the conflict between users, so that users can spread their own experience. At the same time, users can participate in dialogue and communication, to stimulate users' experience and participate in word-of-mouth communication.

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