

Competitive Strategy and Developing Direction of Second-hand Trading Platform—Taking Xianyu As an Example

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Abstract. Due to the increasing development of e-commerce and the maturity of C2C business, the second-hand trading platform of idle goods has also begun to actively explore the perfection of online services. At present, research on online marketing strategies at home and abroad has reached a certain scale, but it is relatively rare for the targeted field of second-hand idle items. The customer base is large, but there is less research on relevant aspects. This paper takes Xianyu APP as the research object. Through the use of literature research methods and observation methods, this paper analyzes its current situation and shortcomings in the competitive strategy of Internet platforms, combines its own natural advantages, and formulates the optimization safeguard measures and suggestions required for the competitive strategy of Xianyu APP in the new network environment. In the competitive strategy research of Xianyu APP, it can supplement the content of competitive marketing in the idle item trading module to a certain extent, give a development direction to domestic second-hand trading platforms, and can also bring reference to relevant platforms and enterprises.

Keywords: Xianyu APP; second-hand trading platform; competitive strategy; development direction.

1. Introduction

In the era when electronic commerce is developing rapidly in China, the Chinese people's understanding of the Internet and e-commerce has been strengthened. At the same time, the traditional consumption concept and behavior have changed, too. Most people get to know online social apps and make use of them, such as WeChat, QQ, etc. While understanding the Internet era, online shopping has gradually entered people's vision. After experiencing the convenience of online shopping, some people will indulge in it. Most people who indulge in online shopping purchase items on a whim just because of the impulse of freshness. Irrational consumption and shopping will lead to a lot of idle and useless items being left aside, while Chinese traditional culture, which includes being diligent and thrifty, makes these impulsive people develop a sense of regret. The emergence of second-hand trading platforms can deal with such idle items for these impulsive consumers.

The second-hand e-commerce trading platform is an idle trading market that uses the circle of each user to gather people and then trade in the form of idle goods sales, because its unique trading model is a member of the sharing economy model. In the future, the sharing economy will certainly become a trend in social development, and major second-hand e-commerce platforms, such as "Xianyu, Rotation" and other second-hand e-commerce platforms, have made certain achievements in the development of second-hand trading models, and also have their own characteristics and advantages. What is more valuable is that their successful experience and models are worth learning from. While learning from its successful experience, people should also consider how to better standardize the second-hand e-commerce trading platform, and how to give directions and suggestions for the development of the second-hand trading market [1].

As a product of Alibaba, Xianyu APP has certain advantages in publicity, access, promotion and other aspects [2]. Taking Xianyu APP as the research object, this research analyzes its current situation and shortcomings in the competitive strategy of Internet platforms. The paper combines its own natural advantages and formulates the optimization and safeguards which are needed for the

competitive strategy of Xianyu APP in the new network environment. In addition, the authors also put forward some suggestions for the application through the use of literature research methods and observation methods. On the other hand, according to the present situation, research on online marketing strategies at home and abroad has reached a certain scale, but there are relatively few targeted areas such as second-hand idle goods. Conducting research on the competitive strategy of Xianyu APP, which is an idle goods trading platform, can supplement the content of competitive marketing in the module of idle goods trading to a certain extent, offer a developing direction to domestic second-hand trading platforms and bring reference to relevant platforms and enterprises.

2. Xianyu APP

Xianyu App is mobile phone software that solves redundant idle items for users. The Xianyu app was renamed from "Taobao Second-hand" in 2014 and re-entered the second-hand e-commerce trading platform market with a new look. According to recent research data of Alibaba's Taobao, most people have idle items. Users only need to have a Taobao or Alipay account and log in to the appliance to use XianYu. They can resell items bought on Taobao or second-hand items left aside in their own hands without a complex store opening process. Alibaba announced in May 2016 that it would merge the three contents of "Auction", "Xianyu" and "Business" into the same type of content. After dividing Xianyu trading into two modes: geographical location and hobbies, Xianyu APP quickly became popular in the second-hand market. These two unique division modes improve the success rate of transactions for Xianyu APP. In addition, in terms of logistics distribution, Xianyu APP and Alibaba's Cainiao Guoguo Logistics Company have made a strategic alliance. The steps of logistics distribution can be carried out online, which greatly saves time and cost for users. Because most users of the second-hand e-commerce trading platform are ordinary consumers who shop online the cooperation provides users with better transaction convenience in logistics, which is conducive to improving the transaction success rate.

3. Competitive Strategy of Xianyu APP

3.1 Low Cost

As a second-hand trading platform, Xianyu mainly plays the role of middleman in trading. Because its initial products are positioned as Taobao's drainage and auxiliary products, it only provides the platform and some basic services in the trading process, and does not charge extra fees for the trading process. Through the functional structure of Xianyu and its rival products, it can be concluded that the overall structure of Xianyu is relatively simple and concise, and the intersection between different nodes is low. On the one hand, this reduces the difficulty of user operation, and on the other hand, saves the cost of system maintenance and user education. In addition, Xianyu does not have the functions of mobile phone sales and book self-operation. At the same time, compared with the transfer, it has more functions such as fishponds and stars in Xianyu. Through comparison, among the unique functions of the two, Zhuanzhuan is more inclined to set up high-cost profit projects, while Xianyu is more inclined to set up relatively low-cost drainage projects [3]. Therefore, the cost of Xianyu is close to zero except for the operation and maintenance of its own system.

3.2 Differentiation Strategy

Since its establishment, Xianyu has always adhered to the differentiation strategy. At the beginning of the establishment of Xianyu, the domestic second-hand trading market still adopted the mode of foreign countries trading through second-hand platforms and paying second-hand platform fees. However, Xianyu made a zero-fee mode at the beginning of its establishment, and thanks to this, Xianyu was able to stand out among many second-hand platforms at that time and stand firm. In recent years, with the rise of second-hand platforms, such as Zhuanzhuan, the number of platforms with zero fees has increased substantially, and Xianyu has begun to focus on building communities

and strengthening communication. According to the data of Analysis Qian Fan, by July 2018, the monthly active number of Xianyu was 21.97 million, far exceeding that of other second-hand e-commerce platforms except for Zhuanzhuan. Although the monthly active population is close to that of Xianyu, it is gradually separated by Xianyu in other data. For example, the industry retention rate of Xianyu is as high as 61%, while the turnover rate is only 21.5%. The next month's retention rate of Xianyu is 41.3%, while the transfer rate is only 23.8% [4, 5]. It can be seen that Xianyu is gradually opening up the gap with other second-hand e-commerce companies through differentiated strategies such as charging mode and building community, building product barriers and enhancing product competitiveness [6].

3.3 Publicity

In terms of the public opinion index, the spreading influence of Xianyu is also extremely prominent [7]. Compared with competitors' products, taking Baidu Post Bar data as an example, as of October 10, 2022, Xianyu Bar had 1.07 million concerns and 8.05 million posts, while Zhuanzhuan Bar had only 461,000 concerns, which is less than half that of Xianyu Bar, and only 1.448 million posts [8, 9]. It can be seen from this that the publicity of Xianyu on Baidu Post Bar is extremely strong, and the data far exceeds that of turning around.

In addition, the publicity dimension of Xianyu is also prominent. Apart from its large traffic in Baidu Post Bar, it also has a high activity on WeChat, Zhihu, Today Headline and other platforms. Moreover, it also has a certain activity on specific user platforms such as the video software Bilibili, the sports software Hupu Community and so on. This is a major feature of Xianyu compared with other second-hand trading platforms, and it is also one of the important reasons why the flow amount of Xianyu is much larger than other second-hand trading platforms [3].

In addition to enhancing the activity of users on major platforms, Xianyu also set up the Star Xianyu. By publicizing the settled stars and increasing the exposure of the second-hand products sold by them, such as inviting popular stars to endorse or publicize the costumes and props of the actors in popular movies, and increasing the exposure of some second-hand products of stars, they are pushed to the front page, so as to attract young users, extend the social attributes of shopping platforms and greatly increase the traffic.

3.4 Building Community

As a second-hand trading platform, Xianyu itself does not participate in the transaction between sellers and buyers, nor will it buy or sell goods, which makes the platform greatly depend on second-hand sellers and buyers. They bring most of the benefits and popularity to the platform. It is obviously not enough to simply build a platform only for trading. Therefore, Xianyu platform needs a certain number of stable customers to ensure the transaction volume in order to maintain its normal operation. For example, Xianyu has set up fashion, digital, sports, pets and other sections in "Play", which includes "My Circle", "My Post", "User Center", etc. Users can publish content in different sections according to their own interests and hobbies, watch what others share, and give likes and comments. It can be said that "Play" provides a community for users with different interests to show each other and communicate. In "Play", the content shared by users is not only limited to the feedback of products like comments and pictures, but also includes their daily life, such as their new hairstyles, delicious food, and even content unrelated to the trading behavior, including reflection on films and books. It provides buyers with opportunities to exchange ideas, compare and recommend products and sellers with opportunities to understand competitors, find potential partners and update their operation mode. This sharing mode makes the positioning of Xianyu no longer a simple mobile shopping and second-hand e-commerce, but a diversified platform to promote the mobility of users and commodities as well as a stimulator for users' desire to share, recommend and purchase. At the same time, this mode can also attract certain female users, which makes the user portrait more balanced. In terms of gender, those second-hand trading platforms have more male users than female users. The reason for this imbalance is mainly considered as the fact that male daily necessities,

especially electronic products, are used and replaced at a higher rate, accounting for the majority of active users of second-hand platforms. However, it can be seen from Figure 1 that the proportion of male users in Xianyu is about 50.56% while female users account for the remaining 49.44%.

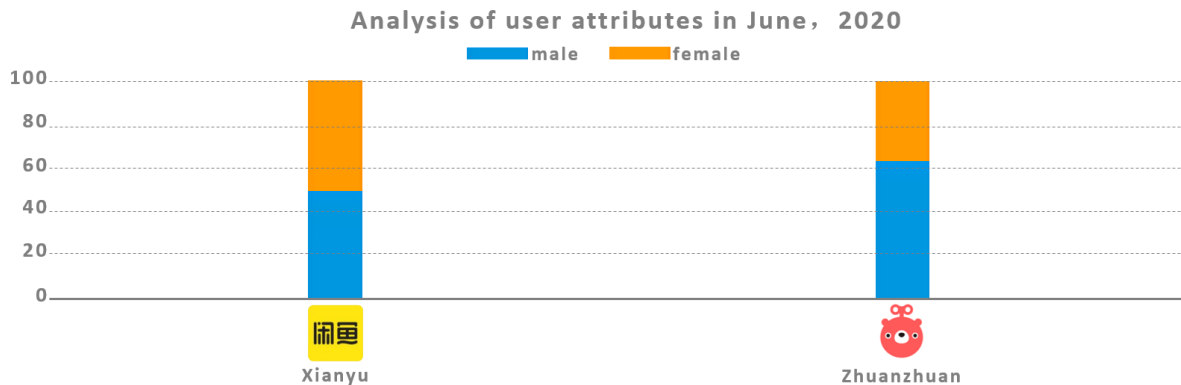


Fig. 1 Analysis of user attributes [10]

It is worth noting that in 2022, with the overall active number of second-hand e-commerce growing steadily, the data of Hay 'er is outstanding: The number of active persons in the month of 2022.1 and 2022.6 reached 263.5% and 503.2% respectively. As a female idle platform, the number of active persons increased significantly in 2022 thanks to the flow effect of the presence of big stars such as Sun Li, as well as the specific division of female idle fields. As the main force of consumption, women are the focus of Hay 'er. Hay 'er has seized the traffic brought by stars and started to focus on the female market, but this is also a major factor for the fast growth of the active number of Xianyu in 2022. Although the user scale of Aner declined rapidly in the later period, with many problems such as a negative rating of the APP by users, high price and no after-sales service, Xianyu's attempt is undoubtedly of landmark significance. In the initial stage, Xianyu had to quickly occupy the domestic market. What's more, the characteristic of its bilateral market also determines the importance of its network scale, which means the platform needs to attract more users to possess more buyers, sellers and markets. With more markets, it can in turn attract users [11].

4. Evaluation

The competitive strategy adopted by Xianyu has the characteristics of low cost, high return, easy operation and large flow. First of all, most of the functions of Xianyu are low-cost development such as fishponds and super-value rental, some of which are connected with other products to which Xianyu provides fast access. On the one hand, although it is low-cost development, thanks to the polishing of Xianyu, users don't feel rough and crude when using it, but have a simple experience, especially in fishponds. In order to build a community, fishponds have become one of the important development directions of Xianyu. On the other hand, as a former auxiliary product of Taobao, the docking system with Taobao has been very mature. Whether in Taobao or Xianyu, there are shortcut keys that can quickly enter the other product, and most logistics information can be synchronized. Secondly, different from all kinds of self-operated functions independently created by other second-hand trading platforms in the market, the value-for-money rental function of Xianyu undoubtedly provides a new idea by cooperating with third parties to provide rental services. Providing users with polished functions of third parties can not only bring better service and experience, but also effectively control costs. In addition, Xianyu is also very good at grasping customers' pain points. From the initial zero handling fee to building a community to the arrival of stars, every step of Xianyu's strategy can well meet the current customers' needs and conform to the mainstream trend, which is also an important reason why Xianyu can become the leader of the domestic second-hand trading platform [12].

Through the research, the authors find that XianYu as a second-hand trading platform has become the head product in the domestic second-hand trading market, which can be explained by the following competitive strategies adopted by XianYu. First, XianYu adopts the differentiation strategy, charging no handling fees at the initial stage of entrepreneurship and focusing on building communities in the later stage to enhance interaction with users. Secondly, as a second-hand trading platform funded by Alibaba, Xianyu has established a perfect docking system with other e-commerce platforms under Alibaba, such as Taobao. Finally, in terms of public opinions and publicity, Xianyu has carried out publicity on multiple platforms, possessing a large number of concerned users. It also invites celebrities and stars to settle in and promote its brand, which attracts lots of young customers.

5. Conclusion

Taking Xianyu as an example, this paper studied its competitive strategies and finds the advantage of its competitive strategies, which enables Xianyu to be at the forefront of the second-hand market. Despite its successful competitive strategies, XianYu still has some operational problems. In view of the current situation of XianYu and the domestic second-hand trading market, the following development suggestions are proposed for XianYu. First, the platform should raise the standards of access. XianYu is positioned as a second-hand trading community of wholesale. Users from fields like fashion, food, pets and other fields are all welcomed to enter. What's more, users can directly become buyers or sellers to sell or purchase goods as soon as they complete the real name authentication. This mechanism, which does not require credit vouchers or deposits, cannot guarantee the security of transactions. In addition, as it is an online transaction, the quality of goods cannot be confirmed, which will result in counterfeiting and fraud. Fake goods and inferior goods will replace real and good ones. All the above will cause losses to users and damage the reputation of the platform. Therefore, XianYu should establish an access standard, filtrate users, prohibit non-standard transactions in order to protect users' interests and defend their own reputation. Second, the authors suggest that Xianyu can cooperate with professional manufacturers to improve the quality inspection of second-hand goods, so as to make the quality inspection process more standardized and professional. For example, establishing cooperation with Foxconn, a manufacturer that produces electronic products, to assist in testing the quality and appearance of second-hand electronic products, so as to reduce the occurrence of fake and inferior products. Speaking of the operating strategy, XianYu can expand its influence further by taking advantage of its characteristics of the second-hand transaction. For example, some exclusive recycling boxes for XianYu can be set up in cities with a large number of users and the recycled items collected will be processed by the platform officially. Serving as an e-commerce platform, this method can build a connection between online and offline. On one hand, it carries out brand publicity, increases income and expands the market range and potential user groups. On the other hand, committing to promote environmental protection activities is a positive way to respond to the call of the country to achieve "carbon neutrality".

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