

The High Level of Message Distribution and Brand Perception: A Case Study from Pinduoduo

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Abstract. With increasing number of young target customers uses social media and network, their point of view about specific brands on internet become more important than past. Brand image and customer relationship management on social media and internet become a new focus for brand. Using case study, this paper proposes the relationship between brand image and the level of messages distribution, and the recommendations for brand to maximize the impact of level of distribution to get in touch with young target customers. This paper examines whether high levels of messaging always have a positive impact on brand perception and proposes a hypothesis for the relationship between high level of message distribution and brand perception. This study concluded that the high level of message distribution doesn't always lead to a positive brand image if the brand lacks good quality products, warranty, creative content in campaign to attract target customers, and introduction of rewards.

Keywords: High Level of Message Distribution; Brand Perception; Pinduoduo.

1. Introduction

Viral marketing is currently a popular method in digital marketing. The phrase “network-supported word of mouth” (viral marketing) was first used by Jurvetson and Draper in 1997, according to Cruz and Fill [1, 2]. Through the development of social media, globally, the users on the internet have continually developed. So far, WeChat and Douyin occupy the largest market in China, which is 1,263 and 1,000 million representatives. Globally, video and picture content such as YouTube and Instagram have grown their impact and occupied the top 4 social media. The increasing number of social media provides solid ground for conducting viral marketing. Also, the increasing number of social media users indicates the potential of using social media as a channel for viral marketing. Through the research, social media is likely to grow in popularity as the current generation of users (18-29 years old) matures. Already, 88% of people in this age group use social media. Facebook (80%) and YouTube (94%) continue to dominate the 18-24-year-old user generation (Data source: Statista.com). The data indicate that if the companies want to closely reach out to the young generation, the use of viral marketing online will be necessary.

Through analysis of the past research, this paper will display a background of why viral marketing is crucial as one of the marketing strategies, how people's like and shares influence the distribution of the message, and how the level of distribution will affect the attitude of people toward the brand. And based on the existing research, this paper will continue to discuss the brand impressions with the case analysis.

In addition, by using the case study method to investigate Pinduoduo, this paper wants to investigate the research question of that will the high distribution of messages will always lead positive effect on brand image. Through the analysis of the brief background of Pinduoduo marketing, the SWOT analysis, and the key issues of the current marketing strategy, this paper proposes the hypothesis that the high distribution of messages will not always lead positive effect on brand image. And for the key issues, Pinduoduo faces, this paper also proposes recommendations about how to adjust the viral marketing strategy and get a great impression of the target customers.

2. Literature review

In the beginning, Thomas and Ines demonstrated the decision-making process in viral marketing and provide the background of the research questions for this essay. In their article, they identify framework conditions, emotions, and interaction aims that strongly influence how people make decisions when facing viral marketing. Based on existing decision-making theory, the authors involved those factors aiming to build a dynamic personal decision-making process and make examples about social media impactions on the personal decision-making process [3]. That's also why in the following case study, this essay will bring up Pinduoduo which is social e-commerce platform as the target to see how social media influence the platform and how personal factors influence the decision-making process.

The research of Andrew, Naveen, and Kumar narrow down the findings of the first article. They proposed the research after the dynamic personal decision-making process, how word-of-mouth effect influence brand image. The authors provide insights about the WOM valence, WOM channel, and social tie strength impaction online and offline. Through the research, the authors indicated both online and offline channels provide rich second-hand information and help people make decisions about purchase intention [4]. Also, the authors stress the importance of PWOM on the retransmission of the message than NWOM. These findings stress the importance of how consumers make decisions when facing PWOM and NWOM and provide the background of the following case study that even online, the importance of PWOM, and for the target customers of this case Pinduoduo who live in a relatively small town or cities and easily get connect with close friends and relatives, the impaction of strong social ties and the additional impact from offline can be non-ignorance.

After discussing the background of current research, the following articles talked about the relationship between personal shares and the level of distributions. Based on the previous research, this paper deeply analysis how personal likes and shares influence the level of distribution in detail. And combining these findings with the research to analyze how these factors and key elements of viral advertising influence the most popular social media short videos.

In their findings from Marcos and Ricardo, they investigated what characteristics of short videos will lead to sharing. They found there were strong positive links between fans and promotion and publicity and viral marketing [5]. The characteristics of fans/followers are important characteristics in viral marketing to generate brand awareness and the reproduction of content generated by people themselves was also crucial. This article provides support for the case analysis key issues part about why Pinduoduo need to open their marketing channels and why they lack brand generating and building abilities.

The second article analysis the elements of viral shared video marketing. Through content analysis of 25 viral marketing ads that are globally shared and cross-checked, surprise and happiness are remarkable emotions that appear in the widely shared viral video [6].

Those two articles provided the information to combine with 6 elements of viral marketing and give recommendations for the case analysis. In China, the short video is one of the most popular channels of viral marketing because it combined the quick reproduction of content generated by people themselves and because of that, the spread of content can be quicker than expected, than content related to humor and surprise. That's the reason in this article the point of recommendation stresses the short video sharing

Finally, the personal factors and the message factors were brought up to analyze how they work together to influence the brand image. Factors like social relationships of the consumer rewards received during the message distribution, brand trust, and brand identification exert a strong impact on brand purchases and brand image through WOM [7]. It happened a lot in today's short video sharing about KOL ads. How to make video fun and interesting and make people less pay attention to the ads themselves is a key point here. The authors illustrated people will be less trust if they noticed the message distribution involved rewards, especially cash [8]. However, intellectual consumer involvement can play a mediating role. It illustrated that in the viral marketing process, the

joining of consumers is important and this opinion also corresponds to the findings of previous research.

The findings of the effects of word-of-mouth incentivization on consumer brand attitude also illustrated the role of incentives in the viral marketing process. They narrow down the previous research and provide information about WOM campaigns should pay attention to the impression that the recipient of an encouraging suggestion has about the brand's goals in encouraging these recommendations as well as the consumer who makes the recommendation. Also, the types of rewards get specified. Non-monetary rewards could get the least negative effect on consumer brand image [8].

Overall, the literature review provides the personal factors of viral marketing, what elements of short videos to become a successful viral marketing channel, and how brand message credibility (message factors) and incentives (personal factors) influence the consumer's perspective of the brand. While much of the considerable body of research has been carried out on the personal dynamic factors and message types, much less known is about the application part of the research under China context.

3. Case analysis

3.1 Background

Pinduoduo is a social e-commerce platform that uses the vertical marketing system and viral marketing strategy. The place and time utility helps the manufacturers directly move the goods to customers, saving time and cost. Customers get cheap prices by sharing the product links with other potential customers to get cheap prices. the more people they share, the cheaper prices they get. The more people they share, the more credible the products can be.

However, the negative news about the product's quality and numerous links makes people tired of messages from the app. According to the news, the mechanism of getting cheap prices and the discussion about whether should people help friends to click the link make people reconsider their attitude toward Pinduoduo. In this case, the following sessions want an in-depth analysis of what challenges Pinduoduo faces and how to help Pinduoduo change people's negative feelings.

3.2 SWOT analysis

3.2.1 Strength

Pinduoduo claims that gets cheap by sharing. They focus on middle or low-income customers aged above 41 and students aged below 24 from tier 3 and 4 cities who have plenty of time spent on social networks and are sensitive to price elasticity. To the research, they spend 35% of their time working and an average of 22 hours on social networks. The huge potential buying ability helps Pinduoduo build its cheap brand image through the word-of-mouth effect of the target customers.

3.2.2 Weakness

The shop sources are suspected, and the platform audit standard is low. From the Pinduoduo website, after the product updates, they only use the computer to make sure the product information is consistent with the product pictures. Although the low standard provides the opportunity to most shops like small or medium-sized retailers, the lack of the ability to be responsible for the products' credibility can be a potential risk for the platform's reputation. With the WOM effect, during the message distributing process, lack of credibility can be one factor that influences the attitude of potential customers [9].

3.2.3 Opportunity

The policy supported online commerce. Through the e-commerce law in China, the government provides support for the new model of e-commerce, especially social e-commerce. Pinduoduo also provides an online way for farmers to sell their agricultural products, in line with the state's emulation of support for farmers and crops.

3.2.4 Threat

Pinduoduo focuses on WeChat as link sharing channel. But in 2021, WeChat announced it will forbid link sharing. Finding a new way to do marketing will be a priority for Pinduoduo. Also, as social e-commerce gets popular, the competitors such as Alibaba and Jingdong focus on other market segments like the Z generation and students and use short video and interactive games as other channels to get in touch with the market and occupy the market shares with quality products and interesting functions.

3.3 Key issues

To the Pinduoduo financial report, at the end of 2021: The number of active buyers in Pinduoduo was 868.7 million, there was a 10% increase compared to 788.4 million at the end of the previous year, In terms of monthly active users, the average number of monthly active users of the Poundworld app was 733.4 million in the fourth quarter, up 2% year-over-year from 719.9 million in the same period in 2020”.

From data, compared with the 2018 growth stage, Pinduoduo begins the maturity period in its product cycle at a slowly increasing rate. WeChat, as China’s most used social platform, allowed Pinduoduo to stress the brand differences in “social” with sharing and interacting features. However, the social channels of target customers become diversified like TikTok, QQ, Bilibili, and Kuaishou. Only using WeChat is not enough for content to be quickly updated and accelerate the sharing speed of the product and content compared with other platforms.

The data in 2021 from iResearch also indicates the trends of customers’ preferences in social medias. Nearly 53.4% of ads were willing to put their budgets on short video to attract their consumers. The share of short video advertising in mobile has surpassed the overall market share of online advertising, which is close to 20%, and will continue to make efforts to expand its market share. The 40.7% of them were willing to put their budgets on the social media like RedBook and WeChat.

Content marketing is also worth noting point. It emphasizes the interactivity and replicability of content which is also the characters of short video viral marketing. Reaching users through content, and then driving the high speed of distribution, reproduction and dissemination among users, which fits the characteristics of “decentralization” and can achieve efficient communication effects.

Pinduoduo mostly depend on single content marketing channel. The firm put most of budgets on the variety shows or gala like spring festival gala. Compared with Tianmao, Taobao, and Weipinhui, from March 2021 to April 2022, the influence rate of Pinduoduo below the 3,000,000. Find more TV series or short videos that obtains high level of influence rate and conversion rate can be problems for Pinduoduo. Since in 2021, top e-commerce platforms choose mostly on female oriented series and over 70% of budget in this kind of series. The highly competitive situation in the content marketing channels and potential customers like students and females from tire 3 and 4 cities can be a difficult part for Pinduoduo to overcome.

The slowly increasing rate is also due to the shop standard and lack of reliable brand.

The main categories of products in Pinduoduo in the development stage are fresh food and necessities that users buy in high frequency, and the importance of the cost-effectiveness of the product itself is greater than the brand. Pinduoduo promoted the more cost-effective, the greater the traffic given to the shop. With this, Pinduoduo attracted Taobao's C-tier merchants and factory farm owners. But in the growth and maturity stages of the platform, Pinduoduo begins to promote everything that can get a discount by sharing. This rule ignores the most important feature of brand which is differentiation. Brand needs differentiation to transfer the cost to the high expectations of customers. But in Pinduoduo, the promotional campaigns focus on subsidies and discounts which is not good for brands to “differentiate” themselves in price perspectives [10]. In addition, brands like Apple, L'Oréal and Tesla have their own price strategies and positioning, Pinduoduo low-price strategy can't attract those big brands because the brands themselves sell luxury and durable goods which don't fit in low-price. In the long run, the discount strategy is not good for loyalty consumer relationship building and management.

Different with Taobao and Jingdong, the user's profiles from Pinduoduo are generated through link sharing in WeChat which is very useful to categorized the customers and their level of price sensitives. But, as mentioned before, either developing or attracting brands, the "differentiation" will be primary factor to consider. Only rely on the price sensitive instead of other factors such as psychological, behavioral, and preferences factors are not easy to generate high and long-term retention rate for brands. Also, as mentioned before, the WeChat forbidden the link sharing from 2021. The traffic in Pinduoduo will be impacted compared with Taobao which generated their traffic for brands from various sources either from their Alibaba business system or outside firms such as co-branded with line friends or cooperating with KOL who also work for Alibaba.

Another factor is consumers' purchasing ability. Through the research from Pinduoduo seasonal report, even the data raised from 1550 RMB to 2115 RMB per consumer purchase in 2020. It is still difficult for Pinduoduo to compete with Jingdong or Alibaba, the per consumer purchasing only occupy 1/4 and 1/3 representatively. The low purchasing ability of Pinduoduo's target customers also means that they will not be target customers of brands and make Pinduoduo less attractive to brands like Apple who's target customers are middle- or high-income people.

The shop standard doesn't update with the product categories expansion. Different product categories need different audit standards. Through the research, the shop standard depends only on computer information and picture matching. Lack of careful review will be a potential risk for customers to share unsatisfied shopping experiences and lose potential customers through the WOM process. Also, the app brand system is confusion. Even though for some big brands, the app emphasized with black labels, it is just second or third retailers instead of the brands themselves. And the products normally is not best sell or new arrived products. For example, the official store Sketches, but the true operator is just the second retailer of Sketches not the brand itself. For consumers who want to buy Sketches new arrived products or official products, it is no doubt that they will get disappointed by the lack of new products and the right size of products. In turn, will make customers keep their stereotypes about "Low price, but can't buy the right things" of Pinduoduo.

3.4 Suggestions

Based on the issues addressed above, diversifying the market channels maximizes the viral marketing impact and can be an alternative to choose from.

To the research from Alberto, clips, and videos that connect to humor are key emotions to make people stay with viral emotions and nearly 58% of people are willing to share the content. Also, through the research from Teixeira (2012) or Dobelet al., the surprise, especially with the relevant celebrities, can make viral videos successful [11]. From iresearch, in China market, interactive advertisements are very popular. Through simple click and sharing, building customer profiles and making connections between brands and target customers can be easier than ever.

So, for Pinduoduo, using stream and TikTok to produce short videos with humor and surprising emotions and connect with relevant KOL to promote their products on the platforms can be expected to increase customers' purchasing speed. Through the research from Ogilvy, the number of monthly users of TikTok has reached 1 billion. The increase in the amount of interactive video content and users makes TikTok good for fast viral content spread. And for the trend of opinion leader shifting from traditional professional people to influencers on the internet, choosing the KOL in a relevant area not only earn credibility from target customers but also easier to reach potential customers.

4. Conclusion

The research question in this paper was whether the high level of message distribution always leads to positive brand impressions. As the case and previous literature have demonstrated, the high level of message distribution doesn't always lead to a positive brand image if the brand lacks good quality products, warranty, using obvious rewards, especially cash to customers or KOL to promote

and the viral marketing content lacking humor or surprise that the target customers are willing to continue to watch or share to relatives.

Using the previous research to provide the theoretical framework and case study analysis to combine the theory and reality, this essay is expected to provide insights into China's viral marketing and provide some recommendations about the questions China marketing faces. The limitations of this essay are the following: firstly, the absence of a quantitative aspect of research may be a question. For future studies, the real-time data may be better to demonstrate the marketing situation and customers' attitudes. Secondly, this case study chose only one e-commerce platform, so it may be hard to show the differences among industries and target customers toward viral marketing. Future studies, it is expected to expand the categories of industries and product lines. Moreover, future studies are expected to investigate the target customers in detail. For example, future studies can deeply analyze the different reactions of target customers from different demographic, psychological, and behavioral aspects. Or, divide the target customers into potential customers, ideal customers, possible customers, and not targeted customers to see how different people react to one viral marketing content and do further research about why they react in their ways and how they react after seeing the content of the viral advertisement. Thirdly, the theoretical framework of the case study compared with research is incomplete, and future research is expected to expand this research question from more aspects of the theoretical framework.

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