

Analysis of Xiaohongshu's Internet Marketing Strategy

Yuxi Liu *

School of International Education, Tianjin Chengjian University, Tianjin, China

*Corresponding author: kaichengyu@tcu.edu.cn

Abstract. Xiaohongshu mixes social networking and online purchasing, making it one of the most popular Chinese apps. The research seeks to analyze Xiaohongshu's Internet marketing strategy. In meeting the research objective, the research would embrace the use of secondary data which involves collecting data from websites and journals. The results show that the company's success has been achieved through good communication, good connections with content creators, embracing the diversity of the content community, and managing to build strong social connections with its users. Furthermore, the company's ability to embrace the young generation has attracted an active and productive generation. The study also confirms that the platform is facing significant challenges, with the main ones including a lack of trust and a lack of clearer marketing content. Therefore, in order to improve customer loyalty, Xiaohongshu should assume more corporate social responsibilities, strengthen the supervision and management of its own platform, and enhance its diversification.

Keywords: Xiaohongshu; networking; Chinese apps.

1. Introduction

The growth of e-commerce around the world may be traced back to China. By 2023, the value of China's e-commerce market is predicted to reach \$1.8 trillion RMB (259 billion USD) [1]. Cross-border e-commerce (CBEC) is expected to play a significant role in this growth, especially in the fashion and luxury goods sectors. CBEC is now the only place to purchase natural and organic products that are in high demand from overseas. Compared to other marketplaces, such as Tmall Global and JD Worldwide, RED's service was both quicker and more reliable [2]. In addition, consumers have higher faith in companies they can research and purchase from directly. Lastly, utilizing bonded warehouses in a free-trade zone like Hong Kong might expedite delivery times for CBEC and cut expenses.

Xiaohongshu) is one of the social media apps with the most downloads in China. It's used monthly by over 100 million people around the world. This social media platform provides an excellent opportunity for foreign businesses to penetrate the Chinese market and reach their full potential. This is why high-end fashion houses such as Louis Vuitton and YSL have chosen to promote their products there [3]. The Chinese market is extremely competitive and evolving, so businesses cannot afford to ignore it as a marketing tool.

The vast majority of Chinese shoppers discover new products and get expert advice via social media. These social media platforms are not compromised in any way, which makes them ideal for conducting research and having important conversations before making a purchase [2]. Consumers put their faith in Key Opinion Leaders (KOLs) and niche interest groups as reliable resources for product knowledge. Because of this shift in Chinese social media advertising, Little Red Book has been increasingly prominent in recent years.

One of China's most widely used social media platforms is (Xiaohongshu), a young Shanghainese app that has become wildly popular in recent years. Items that are sure to be in high demand among consumers are highlighted [4]. This Chinese e-commerce and social media platform is already well-known within China and is beginning to have an effect outside as a result of its clever and narrowly-focused marketing efforts.

The Chinese e-commerce market is growing increasingly competitive, making it more important than ever to incorporate the Little Red Book into one's strategy if the person intends to succeed [1]. The goal of the paper is to examine the various strategies the app has managed to market itself or how

effective it has managed to be attractive to the users, the challenges facing it, and how effective can the challenges be managed to be more marketable. The research will be embracing secondary sources to examine how successful Xiaohongshu has managed to be through its marketing strategies.

2. Development History of Xiaohongshu Company

2.1 Evolution of the App

Xiaohongshu was founded in 2013 by Miranda Qu and Charlwin Mao as a community resource for online purchasing research and discussion. In October 2014, it created its own e-commerce platform. Chinese shoppers could buy goods directly from abroad brand stores on this platform, marking the beginning of their focus on bridging the gap between Chinese consumers and retailers [5].

To better serve the logistics, group age, and customs clearance needs of Chinese consumers, Little Red Book opened two warehouses in Shenzhen and Zhengzhou in 2015. Xiaohongshu was one of the largest e-commerce platforms in the world in May 2017, when it had over 50 million users and a turnover of around 10 billion Yuan. In the same year, the international shipping platform RED Delivery launched. On June 6 of that year, the Little Red Book store had a party to commemorate its fourth anniversary in business. On that day, the app's shopping category ranking on the ios App Store was first, and sales reached 100 million Yuan within two hours [6]. Xiaohongshu was lent \$300 million by \$3 billion-valued tech giants Alibaba and Tencent in June of 2018. She is one of the most innovative companies in China, according to Forbes' 2019 ranking. Around that time, the site announced that it had over 300 million registered members [7].

2.2 The Use of Xiaohongshu in China for Marketing

High-end retail, cosmetics, clothes, and travel are highlighted because these are popular among the app's primary audience: Chinese women. Clothing for males, health and fitness tools, instructional software, digital devices, and home decor are all growing industries. Little Red Book is unlike other internet markets in many respects. The platform is based on user-generated content and promotes the building of communities to gather in-depth information on purchases in real-time so that users may participate in social activities and have fun together [8].

With the help of KOL and endorsements from widely recognized brands, Little Red Book is able to enhance the shown items and make buying from them a pleasant and risk-free experience for its users [1]. The introduction of e-commerce into the platform has led to the creation of a unique community inside it and the development of a comprehensive set of tools for conducting business online. Little Red Book has seen tremendous growth over the past five years, and by 2021, live-streaming commerce is forecast to be the year's defining trend [9].

Xiaohongshu provides a platform for live streaming, media distribution, blog posts, and direct brand purchasing. Hashtags in their traditional form can be used with any text for enhanced search ability. In addition, one can create little programs for changing the look of pages and doing other things [10]. This ground-breaking platform has no place to be overlooked. As a central location for gathering feedback from Chinese consumers and exchanging information, it is essential for expanding one brand's reach in the country.

2.3 Target Audience

Xiaohongshu is the spot to go shopping for high-end cosmetics and designer clothing from foreign companies. As it has its own distribution system and can establish hyperlinks with other e-commerce apps, it is great for researching cosmetics in general. People who consult Little Red Book are mostly educated middle-class folk who are interested in travel and cutting-edge technology [11]. Those under the age of 32 make up the vast majority (95%) of the so-called Chinese Generation Z. More than 80% are women, and over 60% are from Tier 1 and Tier 2 cities. More than 70% of all content on the app comes from users, and it is viewed 300 billion times per day [6]. On average, Chinese consumers use

eight different digital channels to learn more about a product before making a buy. Businesses in any part of the world can take advantage of Little Red Book and its ability to develop meaningful connections with consumers by subscribing to the publication. Marketers may engage and possibly convert their target audience by using an algorithm to bring up content that is specific to each user's preferences. App feed advertising is the most efficient way to reach consumers [12]. The most effective pieces of content are those that are straightforward and offer the reader something of value, be it a discount, a bit of breaking news, or a pleasant surprise. Xiaohongshu presents its information in a number of long-form and multimedia formats in an effort to appeal to the largest possible readership [7].

3. Xiaohongshu's Marketing Strategy

3.1 The Community of Xiaohongshu

Content creator communities were initially defined as groups of people who shared both a physical location and social ties with one another. Those who live in the same area or share similar beliefs are said to be a "community" in the modern era of the Internet [13]. Pride in one's labor, admiration for one's peers, and a need to be involved are the three most commonly cited emotions linked with online community commerce. People need to feel like they are making a difference in addition to just being a part of a community. Users could feel valued and appreciated for being themselves, which could boost their self-esteem [8]. Users of Xiaohongshu are categorized into ten groups and given the persona of cute "sweet potato infants." Each user's status is based on their total number of followers, compliments received, collections created, and original content published. As a bonus, the release of these chemicals gives "sweet potatoes" a greater sense of personal power. The higher the number of individuals who agree with and pay attention to the content a user provides, the bigger that user's sense of pride and adoration will be [3]. It is evident that empowering customers to have a say in the products they use and encouraging a sense of identity difference among users can enhance the frequency with which users engage with the products, the stickiness of users, and the benefits delivered to businesses [11].

3.2 The Community Scene of Xiaohongshu

It is crucial for Xiaohongshu's development to observe and immediately modify purchase scenarios of customers. The number of persons conducting journeys across international borders increased in 2013 [6]. By the end of the year, the public had access to the Xiaohongshu APP. Its original intent was to be a community-driven site where shoppers could split the bill on expensive overseas items. Users who have made purchases from overseas merchants are encouraged to leave feedback on the site to assist others in determining which products are worth the effort to import. They can help others by passing on the knowledge they gained about shopping in Xiaohongshu after they return home. Doing so promotes consistent Little Red Book use, which in turn boosts consumers' trust in and familiarity with Xiaohongshu and ultimately enhances its uptake [14].

In response to rising consumer demand, e-commerce pioneer Xiaohongshu introduced the "Welfare Society" online marketplace at year's end 2014. Xiaohongshu's stock keeping units (SKUs) across all product lines increased dramatically when the company realized in the second half of 2016 that the SKUs in its "Welfare Society" segment weren't adequate to please customers [15]. In June 2018, Xiaohongshu opened the doors to the world's first offline experience store, RED HOME, in Shanghai's Jing' a Joy City. This occurred while the city's retail environment was becoming dominated by new stores. In response to the large user growth and advertising turbulence that has become a characteristic of the business in recent years, Xiaohongshu began 2019 by establishing cooperation among brands, KOL talent, and MCN organization [2].

3.3 The Community Connection of Xiaohongshu

The purpose of a community in the current era, known as "community 3.0," is to link not just individuals but also information, entertainment, and physical objects. Companies in the present era of the mobile Internet can benefit from the linked thinking business model since it encourages the consideration of alternative perspectives. The initial intent behind Xiaohongshu was to connect consumers with useful product data [1]. From its inception to the present day, Xiaohongshu has connected people, communities, and even inanimate objects.

Human-nonhuman interaction: Xiaohongshu's community platform allows users to write their own product reviews, which can then be read by other users of Xiaohongshu's welfare community [7]. When it comes to the mall's remark system, the "What do the little sweet potatoes say" part is based on the community notes. A deeper connection between customers and Xiaohongshu products is possible in this scenario.

Mutual communication: marketing platform Xiaohongshu for brands, influencers, and MCNs became live at the start of 2019. Informal conversations between the three parties can help bring people together and pave the way for cooperation [11].

Links between components: With the rise of the Internet of Things, the degree of connectivity between things has increased to unprecedented heights. Things in the Xiaohongshu community, including brands and their respective consumers, are referred to as "things". Xiaohongshu announced the "Brand Number" officially in March 2019 with the intention of facilitating one-stop closed-loop marketing for companies through content, marketing, and transactions on the e-commerce platform. Xiaohongshu personifies the idea that everything in the world should be interconnected by providing brand owners with control over fan operations and enhancing brand owner communication with customers. These are steps that have enhanced its ability to market itself around the world as a more incorporating platform for all.

3.4 The Social Content of Xiaohongshu

Four basic categories of community e-commerce exist content-based, shopper-based, KOL distribution-based, and native small-scale programs. The Xiaohongshu group is a member of the content-centric online business world. With Xiaohongshu, users can easily find and learn about new companies, goods, and services through user-generated content, while at the same time, the platform subtly but steadily trains its users to rely on such content more and more. However, feedback from actual customers increases confidence in the goods and strengthens the bond between the seller and buyer [13].

More and more user-generated content (UGC) is being combined with Xiaohongshu's PGC (Professionally Generated Content). The platform may regard these UGC as genuine commercials; in other words, advertisements that users don't see are still advertisements. It's also crucial to highlight BGC (Brand Generate Content) as a content development approach due to the recent growth in contact between brand owners and content authors. The platform provides the brand with editorial oversight of its own content. Although UGC is crucial in Xiaohongshu's content creation system, it is also important to take into account the combination of professionally-generated content (PGC) and user-generated content (UGC). Content development requires persistent and thorough collecting; therefore, an established content ecosystem is a reliable assurance for regional online stores [4].

4. Problems in Xiaohongshu

4.1 Suppressed UGC Motivation in the Content of Xiaohongshu Community

One major problem that arises from the app's use is suppressed motivation by the content community. While Xiaohongshu's creators had good intentions by creating the app, many people now view it as fake and shallow. Since interests are now more important, the tone of content on Xiaohongshu has been slowly turning toward narcissism, comparison, and exorbitant price, while

user-generated content has been mostly marginalized [8]. The Xiaohongshu sharing site notably features branded cosmetics such as lipsticks, fragrances, and handbags. If it helps their personal self-esteem, some bloggers may even pretend that fake goods are genuine. These poisonous ideas are permeating people's consciousness and contributing to the widespread celebration of materialism and narcissism [4].

4.2 Lack of Mutual Trust

Mutual trust is essential to the community's long-term health. Trust is undeniably the foundation of successful relationships. Along with Xiaohongshu's meteoric rise in popularity, however, has come a crisis of trust. "Notes on Cultivating Grass," data fabrication, bogus internet trading, and the selling of illegal drugs are all examples of actions that are all too common. The brushing powder, brushing quantity, and search engine ranking improvement phenomenon all originated in Xiaohongshu [3]. Concerns regarding data leakage are another frequent consumer complaint against the Xiaohongshu team. On 1 August 2019, Xiaohongshu reported that the app had been removed from stores and that all of the updated content had been provided [11].

5. Suggestions

5.1 Pay Its Own Corporate Social Responsibility

The people of Xiaohongshu need to start their own corporate social responsibility projects. Companies with a genuine interest in their own success, as well as that of their employees and the community at large, tend to do quite well. As a platform with 300 million users for disseminating content, Xiaohongshu has a responsibility to monitor and manage the information being shared with its audience [5]. Socialist essential concepts must be aggressively promoted, and content that is progressive, healthy, and full of "positive energy" must be disseminated. Xiaohongshu, as an Internet company, must take on the social duty of the industry, which means making immediate changes to the "algorithm-based" content push mechanism, bolstering industry self-regulation, and setting a good example for others to follow [15].

5.2 Strengthen the Supervision of Enterprises

The Electronic Commerce Law of the People's Republic of China went into force on January 1, 2019. In order to hasten its commercialization process while still complying with the E-Commerce Law, Xiaohongshu will need to strengthen the supervision and management of its own platform, determine its enterprise positioning, boost its enterprise efficiency, and safeguard the legitimate rights and interests of consumers [15]. And as a market, it must carefully screen its suppliers to assure customers that their purchases are genuine.

5.3 Diversification of the Community Scene

The modern consumer has greater freedom of choice and variety in their daily lives, ushering in a period of the increased scene and traffic fragmentation. In order to influence individuals in more natural settings without resorting to overt sales practices, Xiaohongshu needs to appear around consumers at just the right time and generate a range of consumption patterns in varied locations [8]. For example, if the user is going on a trip to Hainan, Xiaohongshu could suggest they bring along more sunscreen, indicate some nice brands, and show them how to properly apply it. Obviously, in order to diversify the channels of community scenes, one needs the Xiaohongshu platform to build a powerful database system and more complex tailored suggestions [14].

6. Conclusion

By using the latest 4c theory, this study analyzes the online marketing strategies of Xiaohongshu, shows its advantages and disadvantages, and puts forward suggestions for improvement. As a

community e-commerce business, Xiaohongshu needs to prioritize these three things in the era of mobile Internet. First, Xiaohongshu should give priority to corporate social responsibility. Second, online community relations should be strengthened by Xiaohongshu. Third, Xiaohongshu is suggested spreading community scenes on more channels. It is becoming increasingly common practice to leverage online communities to drive e-commerce. The longevity of this platform will depend on its capacity to adapt to user input and enhance the user experience. Evidently, Xiaohongshu had remarkable results because he focused on the right demographic. Those born between 1985 and 1990, who are financially stable and have a strong desire for a luxurious material living, were always the target demographic for the company. Audience age has varied little over time, although young people continue to make up the bulk of viewers. Attracting young people is the key to the success of Xiaohongshu's content marketing. At the same time, Xiaohongshu is good at taking advantage of new content created by young people. The results of the study have important implications for Xiaohongshu, as well as similar social media platforms, as it makes key recommendations to strengthen its marketing methods. The results of this study are also critical for the content community, as it offers them better hope for future engagement with applications. Future research can be conducted on the basis of the segmentation of content marketing.

References

- [1] Gong, S. Research on the digital business model of Xiaohongshu under the background of the SHE Economy. Proceedings of the 2022 7th International Conference on Social Sciences and Economic Development. ICSSSED, 2022.
- [2] Wang, Z., Huang, W.-J. & Liu-Lastres, B. Impact of user-generated travel posts on travel decisions: a comparative study on Weibo and Xiaohongshu. *Annals of Tourism Research Empirical Insights*, 2022, 3(2): 100064.
- [3] Cai, H. & Duan, W. Changing perceptions and uses of “companion animal” public and pseudo-public spaces in cities during COVID-19 pandemic: the case of Beijing. *Land*, 2022, 11(9): 1475.
- [4] Wang, J. & Gao, M. Innovative analysis of internet enterprise management mode under the background of big data —taking Xiaohongshu as an example. Proceedings of the 2022 2nd International Conference on Enterprise Management and Economic Development. ICEMED, 2022.
- [5] Baucus, M. Xiaohongshu. 2022. 27,10, 2022. Available at: <https://thechinaproject.com/company-profiles/xiaohongshu/>.
- [6] Ju, R. Producing entrepreneurial citizens: governmentality over and through Hong Kong influencers on Xiaohongshu (Red). *Policy & Internet*, 2022, 14(3): 618-632.
- [7] Nanevi, A., Song, T. & Velez, L. E. Influencer Marketing: United States Versus China, 2022, 13(1).
- [8] Sun, Y. & Ly, T. P. The influence of word-of-web on customers' purchasing process: the case of Xiaohongshu. *Journal of China Tourism Research*, 2022.
- [9] ZHAO, J., ZHAN, Q., LONG, Y. & ZHU, Y. Research on the development of Little Red Book—by adopting SWOT analysis. 2nd International Conference on Advances in Management Science and Engineering. AMSE, 2018.
- [10] Wang, H. Research on the used car marketing strategy after the breaking of the relocation restriction policy. *Academic Journal of Science and Technology*, 2022, 2(2): 112–117.
- [11] Cheng, R. Research on marketing model of social E-commerce based on customer loyalty. Proceedings of the 6th Annual International Conference on Social Science and Contemporary Humanity Development. SSCHD, 2021.
- [12] Lian, K., Chen, Z. & Zhang, H. From the perspective of feminism: market positioning of Xiaohongshu. Proceedings of the 2021 5th International Seminar on Education, Management and Social Sciences. ISEMSS, 2021.
- [13] Liu, X. An analysis of digital marketing strategy in the era of social media in China. Massachusetts Institute of Technology, 2021.

- [14] Zeng, H. & Wang, J. Digital economy era new media marketing analysis of the existing problems and development path. *Forest Chemicals Review*, 2022, 277-284.
- [15] Guo, J. The postfeminist entrepreneurial self and the platformisation of labour: a case study of yesheng female lifestyle bloggers on Xiaohongshu, 2022, 7(3).