

Brand Construction and Promotion Strategy of Second-hand E-commerce Platform: An Example of Xianyu

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Abstract. The growing popularity of concept of the idle economy has given rise to the emergence of second-hand e-commerce platforms, which are now regarded as a new trend. In order to enhance their competitiveness in this turbulent market environment, platforms must identify an appropriate branding method and develop effective promotional strategies to attract users. At present, there has been a substantial theoretical investigation of conventional e-commerce platforms within academic community. However, there remains a theoretical gap in the emerging domain of second-hand e-commerce platforms. This study employs the process tracing method to analyze China's largest second-hand e-commerce platform and explore the effectiveness and replicability of its construction and promotion model. The study revealed that the conglomerate operation model of the Xianyu platform is hard to replicate. Its utilization of conventional social media marketing techniques to sustain community vitality is effective, yet it is somewhat lacking in innovation. However, there is a need for the construction of its community culture and the deployment of focused strategies that are worthy of emulation. This study recommends that second-hand e-commerce platforms facilitate the transformation of the community and the co-creation of a community culture between enterprises and users. The utilization of circle segmentation, the organization of strong participation activities online and offline in small communities, and the enhancement of users' sense of belonging to the communities are advised. Additionally, innovation models should be customized to the platform's positioning and user characteristics and integrated with focused strategies.

Keywords: Second-hand e-commerce platform, idle economy, branding, promotional strategy, Xianyu.

1. Introduction

In recent years, the concept of idle economy is turning into a new trend as consumers' mindset changes. According to QuestMobile's latest report, the average monthly active users of China's largest comprehensive second-hand e-commerce platform, Xianyu, reached 170 million in the second quarter of 2024, an increase of nearly 20% compared to the same period last year [1]. Mercari, Japan's largest second-hand e-commerce platform, has also surpassed 2,000,000 monthly active users in its home country [2].

Second-hand e-commerce platforms have become a new wave in the global market, attracting many companies and capital. However, as a result, the dynamics between the original second-hand e-commerce platforms have been dynamics with the entry of platforms with their own traffic, such as TikTok, into the second-hand field, and the emergence of second-hand platforms' brick-and-mortar shops, the market has been incremental while intensifying the competition between platforms. In this turbulent market environment, the platforms need to keep abreast of the times to explore methods of brand building and develop effective promotion strategies to convey to consumers. Xianyu has become the largest comprehensive second-hand e-commerce platform in China through 10 years of development, and its business model and promotional strategy have a certain degree of representativeness and reference value. This study will adopt the process tracking method to refine the development experience of Xianyu and analyze the effectiveness and replicability of the branding strategies and promotional methods used by Xianyu in its development, in an attempt to provide valuable insights and strategic recommendations for the promotion and development of second-hand e-commerce platforms today.

Studying the branding and promotion strategies of second-hand e-commerce platforms is of great theoretical and practical significance. At the theoretical level, this study contributes to the development of marketing theory and provides a deeper analysis of the concept of idle economy and its connection with consumers. At the practical level, this study can provide practical guidance for the marketing decisions of second-hand e-commerce platforms, help platforms to identify their brand positioning and target audience, and formulate a more targeted marketing plan, so as to enhance their attractiveness among users, their competitiveness in the second-hand e-commerce market.

2. Literature Review

With the rapid development of e-commerce platforms, brand construction and promotion strategies have become the subject of extensive research in the academic community. Scholars have explored the role of brand building in e-commerce platforms from different perspectives and put forward a variety of constructive ideas. On the whole, the research mainly focuses on the brand strategy of e-commerce platforms at different stages of development, the relationship between consumer behavior and brand loyalty, and the importance of social media in brand promotion. However, there are some limitations in the existing research on the brand building and promotion strategies of second-hand e-commerce platforms, especially in terms of how to deal with the unique market characteristics and challenges of second-hand e-commerce platforms.

Firstly, the stage strategy of brand building is one of the focuses of scholars. Shaopeng and Hu Ping consider that e-commerce platforms undergo significant changes in business models and brand drivers during the four stages of introduction, growth, adjustment, and maturity [3]. They emphasize that the positioning of the brand, the communication method, and the delivery of core values are elements that platforms must pay attention to in brand building. Platforms need to dynamically adjust their brand building strategies according to the stage of development they are in order to maintain a competitive advantage. However, their research mainly focuses on traditional e-commerce platforms and has not yet explored in depth how second-hand e-commerce platforms can cope with the special challenges posed by the idle economy in the process of brand building.

Secondly, the relationship between consumer behavior and brand loyalty plays a key role in brand building of e-commerce platforms. Sun Bing's research shows that brand loyalty of e-commerce platforms is mainly achieved by enhancing consumers' emotional connection, improving brand trust, and providing personalized services [4]. The enhancement of brand loyalty not only helps to increase user stickiness but also attracts more new users through word-of-mouth effect. However, for second-hand e-commerce platforms, consumers' behavior is more complex, and the construction of their brand loyalty not only relies on the brand value of the platform but is also affected by the variety and quality of goods on the platform and the trust mechanism in the transaction process. As a result, how to effectively increase the brand loyalty of consumers on second-hand e-commerce platforms continues to be a challenging issue.

Finally, the integration of online and offline promotion strategy is another important research direction. Tong Ming pointed out that the promotion strategies of e-commerce platforms needs to combine online and offline to form a synergy, so as to enhance the brand's market influence [5]. Online promotion focuses on increasing brand awareness and user engagement through digital marketing, social media, and content marketing, while offline promotion reinforces brand image and consumer loyalty through physical events and experiential marketing. Although integrated promotion strategy has been widely used in traditional e-commerce platforms, its practice in second-hand e-commerce platforms is still relatively limited. Second-hand e-commerce platforms may have different effects in offline promotion than traditional platforms due to their idle economy model and the diversity of user needs, which requires further research and validation.

In summary, although existing research provides rich theoretical support in brand building and promotion strategies for e-commerce platforms, there are still deficiencies in applied research on second-hand e-commerce platforms. The second-hand e-commerce platform is centered on the idle

economy, with features such as non-standardized commodities and asymmetric information, which put forward different requirements for brand building and promotion strategies from those of traditional e-commerce platforms. Therefore, future research should further explore how to combine the unique market characteristics of second-hand e-commerce platforms to develop more precise and effective brand building and promotion strategies to enhance the market competitiveness and brand loyalty of the platforms.

3. Introduction of Xianyu Platform

As China's largest second-hand e-commerce platform, Xianyu is derived from Taobao's second-hand channel, which has been in development for ten years. In the early stages, Xianyu chose to adopt the C2C transaction model as the core of the platform. Thanks to Taobao's huge user resources and Alibaba Group's mature credit system, Xianyu had a certain scale of users in the early stages. As a result, Xianyu began to explore the transformation of community and launched the 'Fishpond' function, which allows users to form Xianyu clubs through a series of factors such as interests and hobbies, and to share their emotional values with each other while making purchases. Later, through research, it designed its own innovative brand image that integrates e-commerce and community. In the stage of diversified development, Xianyu tries to synergize with other businesses under the Ali Group by linking to Alipay, Sesame Credit credit scores, and other systems, expanding the brand's influence while alleviating the trust problem in the idle economy to a certain extent. In addition, the 'Trade-in' and 'Second-hand Premium' businesses launched in conjunction with Taobao's digital industry are guiding users to reuse their unused digital products on Xianyu's platform, which is attempting to bridge the barrier between traditional e-commerce platforms and second-hand e-commerce platforms to attract consumers. Last year, Xianyu launched a new feature called 'Seafood Market', which focuses on interest communities and aims to increase users' stickiness by showcasing recent deals and hot topics, stimulating their desire to buy and share the goodies they have found.

4. Xianyu Brand Construction Analysis

4.1. Group Operation

Xianyu chooses C2C as the core of second-hand platform operation, for this type of platform, user scale is a very important index. According to network effect theory, when consumers choose to use a product or service, they will be influenced by the number of users who use that product or service [6]. In other words, consumers are more inclined to go to e-commerce platforms with more users. Corresponding to the second-hand e-commerce market, both buyers and sellers need to reach a certain scale in order to create a siphoning effect, which will lead to a virtuous cycle of widespread increases in the number of platform users. It is true that Xianyu, backed by Ali Group, can leverage its huge user base to link with many applications, and then get attracted to the flow of traffic, which is easier to achieve this cycle, but this is a promotion method that is difficult to replicate for most second-hand platforms.

4.2. Community Culture

Xianyu is striving to create a second-hand community culture that is co-created by consumers. With buyers looking for affordable goods and sellers looking to cash in on unused items, the main reasons for second-hand shopping on both sides revolve around profit. Xianyu provides a wide range of entrepreneurial opportunities, and its independent pricing features bring high profit margins, attracting a large wave of individual and even professional businessmen, while Xianyu's simple operation and low price attracts the use of contemporary young consumers. Based on this, Xianyu tries to blur the line between buyers and sellers in traditional second-hand platforms, creating a community where sharing brings revenue. Whether it is the emotional value of interacting with peers, finding better deals from what others have shared, or being rewarded for sharing and participating in

incentive programs, sharing is a form of revenue on Xianyu. This virtuous circle can greatly improve user stickiness, and further through UGC content and the spontaneous sharing output of users, which in turn leads to a greater virtuous circle of siphoning effect. This set of community operation logic has also been successful on Mercari, a Japanese second-hand e-commerce platform, which proves the replicability of the operational model.

4.3. Focus Strategy

Xianyu, as the largest comprehensive second-hand e-commerce platform in China, is difficult for other second-hand platforms to compete with due to its huge market share. Therefore, if second-hand e-commerce platforms want to develop, they need to explore the focus strategy in depth. Xianyu focuses on young customers, and all the functions mentioned in the case study are closely related to the social and life needs of young people, thereby maintaining and deepening the public's impression of Xianyu's energetic and trendy brand, which is a form of embodiment of the focus strategy. However, Xianyu's selected audience is too broad, and other second-hand platforms can further divide the audience and focus on some special or niche customers or regional markets through the focus strategy. It is worth noting that Xianyu has intentionally linked to hot social issues while implementing its focus strategy. For example, Xianyu's 'Xianyu Resume' feature, which was launched last month, focuses on the career anxiety of young people and provides a channel for realizing skills to maintain the loyalty of its core users who have specific experience and skills, thereby increasing user stickiness. The specific benefits of this function have yet to be considered, but this mode of operation combined with social hotspots can, to a certain extent, serve as a reference for the promotional strategy of second-hand e-commerce platforms.

4.4. Community Participation

At present, Xianyu continues to promote and direct users through incentive programs, special offers, and a range of traditional social media marketing. These practices, as mentioned above, do help to attract users and increase user activity, but they are essentially propaganda through the purchase of user content. The use of 'fishpond' as a circle segmentation, regularly in similar antique circles, mold circles, or online and offline exchange parties, may also be a way to increase user participation in the community. It can also be combined with the recently established second-hand e-commerce physical shop business as a new trend, holding activities like flea markets and idle culture festivals, inviting active members of the second-hand community to participate with their unused items, which is also a means of encouraging the output of UGC content and promoting user sharing.

5. Optimisation Recommendations

5.1. Creating a Community Culture

Zhu and other four scholars have explored consumers' willingness to continue to use the e-commerce platform. Their research shows that co-creation between the customer and the enterprise has a direct impact on the customer's perceived value, while the perceived value and customer satisfaction directly affect the consumer's willingness to buy and use [7]. For second-hand e-commerce, especially for platforms centered on the C2C trading model, building a trading community is the most direct way to achieve co-creation between consumers and platforms, which affects customer perception and satisfaction. Just as Xianyu implements the core community feature of "sharing is gain," second-hand platforms need to identify a key point that is attractive enough to consumers for community transformation, construct community culture around this core point, connect with consumers, and shape emotional value. At the same time, platforms should also encourage consumers to share feedback in order to improve consumer stickiness, so that consumers feel a sense of community belonging. In this way, UGC content will be continuously produced and a virtuous cycle will be reached.

5.2. Community Activity and Circle Segmentation

Traditional marketing methods such as incentive programs and social media advertisements are still effective in increasing community activity, but using segmentation to hold online and offline pop-up events for specific communities is also a good way to help users stay loyal to the community. This increased sense of community belonging leads to an increase in community activity, creating an emotional attachment that makes consumers more active and willing to share and purchase unused items. Wendland scholars have researched podcasting's impact on social consciousness and found that a sense of community can be enhanced in participatory cultures that are vibrant, small communities, voluntarily engaged, built on shared intimacy and trust [8]. Although there are differences in the way users receive messages between podcasting and e-commerce platform communities, there are some similarities in the methods used to increase community activity. Constructing innovative and dynamic campaigns in small communities with strong intimate relationships can produce a significant increase in users' sense of community belonging and their activity on the platform.

5.3. Focused Strategy Combined with Innovation

The second-hand e-commerce platform suggests adopting a focused marketing strategy, concentrating on the target group to carry out targeted material placement and activity design, and concentrating specific function construction according to the segmentation category of the specific target market, in order to maintain the consistency of its functions. On this basis, the second-hand e-commerce platform also needs to keep up with the times of innovation. The innovation can be similar to that of Xianyu in that it combines the development of platform functions or activities with the dilemmas faced by the core group of people and follows up in real time as the problems change. Alternatively, it can involve iterating on technology, functionality, or even systems, as scholars Leenders, Farrell, and van der Wurff have shown in their studies of corporate innovation, which found that being more social or market-oriented does not necessarily mean that a company is more innovative. Innovation is similar in different directions, but depending on how a firm perceives the world, the type of innovation it adopts is different, and it remains at a similar level of innovation [9]. In the case of innovation in second-hand e-commerce platforms, this means that different companies have to choose the type of innovation that fits the positioning of the platform and does not violate the consistency of the centralization strategy, based on a series of factors such as the specific category, the profile of the user, the tone of the company.

6. Conclusion

This paper adopts the process tracing method by outlining the development history of Xianyu platform, analysing the brand construction and promotion strategy of Xianyu in terms of its practicality and replicability from the four perspectives of conglomerate strategy, community culture construction, branding specialization strategy, and community activity enhancement. On this basis, this paper summarizes three optimization suggestions that can help second-hand e-commerce platforms carry out brand construction and promotion. First, platforms can co-create with consumers, undertake community-based transformation, and efforts to create a community cultural ecology. Second, platforms should try to make use of circle segmentation, holding regular online and offline interactive activities in small communities, resulting in the enhancement of users' sense of belonging to the community. Furthermore, platforms should adopt combination of focus strategy and innovation, developing innovative models that match the transaction categories, platform impressions and consumer profiles. The above theories and suggestions fill the academic gap in the construction and promotion of second-hand e-commerce platforms to a certain extent and further contribute to the improvement of theories such as market penetration and network effect. This study will be conducive to the construction of second-hand e-commerce platforms in the future, help diversify the second-hand e-commerce market segments, and assist enterprises in enhancing their competitiveness in the

turbulent market environment. In addition, the study still has some shortcomings. The research has not explored the use of UGC content within the second-hand e-commerce community and has not made a specific assessment and recommendation on the marketing of second-hand e-commerce platforms on other social media. Other scholars can investigate the above shortcomings or start from a series of related problems, such as the mismatch of information between sellers and buyers on second-hand e-commerce platforms, to further improve and complete the research and theories of the second-hand e-commerce market.

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