The Way of Communication Strategy Empowering Market Layout and Consumer Awareness in Sinking Markets: The Example of Pinduoduo

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Abstract. In recent years, many companies have begun to enter the lower end of the market in an attempt to capture a larger share of the market; since there is variability in consumption upgrades, companies need to offer a wider range of products to satisfy different consumer segments. Secondly, the growing popularity of small towns and developing markets has made the sinking market increasingly attractive to companies, and Pinduoduo has not only maintained strong growth, but also consolidated its market position in the highly competitive e-commerce sector by virtue of its own development approach. This paper takes Pinduoduo as an example to study how the communication strategy of the sinking market empowers the market layout and consumer awareness. Through the use of process tracking method, it is found that Pinduoduo relies on its unique brand communication method and utilizes the large user base of social media platforms such as WeChat to increase user engagement and purchase intention. Pinduoduo's market positioning not only meets the needs of most consumers, but also provides value to them by utilizing STP theory as a marketing strategy. Pinduoduo has effectively built extensive brand awareness in the sinking market, provided key support for market placement, and established a strong foothold in today's competitive e-commerce business by establishing a connection channel with target consumers and precise marketing strategies.

Keywords: Process tracking method, communication strategy for sinking markets, market layout and consumer awareness.

1. Introduction

Since the competition in the high-end market is getting more and more intense, many brands have started to sink to the low-end market to find a larger market space. Secondly, there are differences in consumption upgrading. Although China's middle class is expanding rapidly, the gap between economic levels and per capita incomes in various provinces, regions and cities is growing, so brands need more products adapted to different consumption levels. Furthermore, there is the formation of new markets. With the development of emerging markets and small cities, the attraction of the sinking market for brands is becoming more and more obvious. The current market size of the e-commerce industry shows a trend of continuous growth and diversification of the competitive landscape, including technological innovation can also promote the development of the e-commerce industry; in the fierce competition in the e-commerce industry, Pinduoduo has not only stabilized its position in the market, but also achieved sustained high growth by virtue of its unique development strategy. Analysis of the success of Pinduoduo in the sinking market through specific strategies is important.

Enterprises' in-depth understanding of Pinduoduo's marketing strategy can help them better cope with market competition, improve marketing effectiveness, and provide reference and inspiration for other e-commerce platforms. By studying the marketing strategy of Pinduoduo, enterprises are able to explore and find out the reasons and internal mechanisms of Pinduoduo's success, which can also provide theoretical support and practical guidance for the development of e-commerce platforms and enterprises. Through the process tracking method, it explores how Pinduoduo succeeds in the sinking market through specific communication strategies, so that enterprises and e-commerce platforms can

realize sales growth and get better development, and at the same time, it can also increase the brand value of enterprises and e-commerce platforms.

2. Literature Review

According to Nie Cheng and other authors' analysis of Pinduoduo's business model and future development strategy based on the sinking market, effective suggestions are given for the future development [1]. Firstly, the research on the definition of its business model, the authors pointed out that the definition of business model should include processes, suppliers, customers, channels, resources and capabilities, which are regarded as the necessary resources and means to accomplish a series of business activities [1]. Next is the study of business model elements, through four dimensions and nine sub-elements proves the importance of the business model as well as consists of four core elements: product, customer interface, infrastructure management, and financials, and finally in the paper presents an analysis of the internal mechanism of the company and the dilemmas that Pinduoduo enterprise is facing, and points out that Pinduoduo's innovative model can be easily replicated by other competitors [1]. In this way, it proves that Pinduoduo takes the sinking market as a starting point and utilizes the unique social e-commerce model to open up its own e-commerce field in the competitive Chinese e-commerce market, analyzes that Pinduoduo occupies an advantage in terms of the network effect and cost, and provides a good development for Pinduoduo in the future by means of highlighting the brand characteristics, ensuring the quality of the products, creating a differentiation of the competitive advantage, and perfecting the supply chain structure and the back-end service system strategy.

3. Pinduoduo's Communication Strategy and Market Layout Practice

3.1. Brand Overview

Since the “Pinduoduo” shopping software has been widely used, it has been given various negative labels by consumers, making it very controversial. Meanwhile, major e-commerce platforms have basically stabilized. However, Pinduoduo has risen to become the second largest e-commerce platform in China, surpassing all of today's popular shopping platforms. The growth of brand communication on e-commerce platforms has narrowed the social gap between merchants and consumers, providing more communication channels that can be used to expand the reach of branding. The development of Pinduoduo brand communication is divided into three main stages: first, the initial stage, from September 2015 to December 2016, second, the brand growth stage, from December 2016 to October 2017, and finally, the most developed period of brand communication, from 2018 to 2024 [2]. Pinduoduo utilizes STP theory as a marketing strategy. First, for Segmentation, Pinduoduo uses segmentation of customers based on occasion, psychographics, demographics and geography. Secondly, for targeting, in terms of geography, due to the saturation of the online shopping market in first-tier and second-tier cities and the increase in Internet coverage, Pinduoduo focuses on low-income consumer groups, which are more cost-effective, so Pinduoduo chooses to start from lower-tier cities to capture the sinking market. Finally, market positioning refers to the marketing process to determine its products or services in a certain position in the target market, that is, to determine the competitive position of its products or services in the target market. Pinduoduo's market positioning is both to satisfy the needs of most consumers and to add (bring) specific value to consumers [3].

3.2. Pinduoduo's Communication Strategy Implementation Path

Pinduoduo utilizes a combination of online and offline modes as its brand communication strategy. The online communication strategy includes WeChat communication, through cooperation with WeChat, QQ and other social platforms, making full use of social media platforms for marketing communication, using the “group” mode and through the WeChat moment to share, forwarding and

other modes of expanding the brand awareness and user scale, so that consumers can enjoy lower prices and a better shopping experience [2]. Pinduoduo is the most popular brand in the world. At the same time, Pinduoduo cooperates with and endorses popular variety shows, TV dramas, as well as famous net stars and celebrities, which are used to place advertisements and expand brand awareness. Offline communication channels include advertisements in city landmarks, bus stops, subway stations, airports, and newspaper communication (targeting elderly people who are not good at using mobile electronic devices) to expand the influence of the Pinduoduo [2].

4. Analysis of the Interaction Effect of Pinduoduo's Communication Strategy and Market Layout

4.1. Communication Strategy's Support for Pinduoduo's Market Layout

Pinduoduo's well-designed communication strategies have led to its success in the ever-sinking market. These strategies have successfully helped in implementing market placements by increasing customer trust and brand awareness. The main goal of Pinduoduo's communication strategy is to increase its reach through group buying and social e-commerce. Through interactive forms such as group sharing and group-buying, the social e-commerce model not only capitalizes on the large user base of social platforms such as WeChat, but also increases user engagement and willingness to buy. Through word-of-mouth marketing and affordable prices, Pinduoduo immediately attracted a large number of users, and this “fissile” expansion greatly helped increase brand awareness. In addition, Pinduoduo has adopted a targeted approach to media communication and advertising, focusing on channels and content that are more likely to connect with the target audience [2]. Through a series of precise communication strategies, Pinduoduo has succeeded in establishing widespread awareness in the sinking market, as well as winning customers' trust by continuously improving its brand image. Pinduoduo is able to have a foothold in the highly competitive e-commerce field because of the effective use of these communication strategies.

4.2. Feedback Mechanism of Pinduoduo's Market Layout on Communication Strategy

Pinduoduo's market layout plays an important feedback role in the adjustment and optimization of its communication strategy. As Pinduoduo continues to penetrate into the sinking market, its communication strategy is also evolving to better adapt to the needs and interests of consumers in different regions. In the process of market layout, Pinduoduo found that consumers in the sinking markets pay more attention to cost-effectiveness and practicality, so in its communication content, Pinduoduo gradually emphasizes the brand image of “good value for money”. In order to ensure that the communication content accurately reaches the target audience, Pinduoduo constantly optimizes the selection of communication channels through big data analysis and user feedback mechanisms, such as increasing investment in regional media such as local TV stations and community advertisements. In addition, by promoting the creation of user-generated content (UGC), Pinduoduo empowers users to become communicators, thus enhancing the credibility of brand communication [4]. Communication methods and strategies must be more flexible to respond to changes in market structure. By constantly adjusting its communication methods, Pinduoduo ensures that its market layout is firmly supported in the rapidly changing market environment and maintains its competitive advantage.

4.3. Analysis of the Two-way Interaction Mechanism between Pinduoduo's Communication and Layout

There exists a close two-way interaction mechanism between Pinduoduo's communication strategy and market layout, and both of them promote each other and jointly promote the success of Pinduoduo in the sinking market. First of all, the communication strategy plays a crucial role in the initial stage of market layout, providing necessary support for market layout by enhancing brand awareness and

attracting initial user groups. As the market rollout progressed, the communication strategy was adjusted and optimized based on market feedback to ensure that it continued to meet consumer needs. At the same time, the success of the market layout further enhances the effectiveness of the communication strategy, allowing the brand to expand its influence in a wider region. Through this two-way interaction mechanism, Pinduoduo is able to form a virtuous cycle between communication and layout: the expansion of the market layout provides new content and direction for the communication strategy, which helps Pinduoduo to maintain its competitiveness in the sinking market. This two-way interactive mechanism not only helps Pinduoduo realize rapid expansion of scale in a short time, but also lays a solid foundation for its future development.

5. Theoretical Framework Construction of Communication Strategy and Market Layout

5.1. Theoretical Refinement of Success Factors

Pinduoduo has adopted the strategies of “encircling cities from the countryside” and “low-cost leadership” as the key success factors in the sinking market in its domestic expansion. First, Pinduoduo chose to open up new market space in third- and fourth-tier cities and rural areas, and then entered first- and second-tier cities, a strategy that can be viewed as a way to differentiate itself from the competition. In six years, Pinduoduo has rapidly accumulated a large number of users and traffic by utilizing its supply chain advantages and social fission effect, successfully gained 730 million annual active users, and formed its own unique reputation and brand image [5]. Secondly, Pinduoduo uses the strategy of “low-cost leadership” to minimize the cost of the platform and merchants; specifically reflected in the reduction of supply chain costs, Pinduoduo unlimited proximity to manufacturers, directly from the manufacturing industry or agriculture to obtain products, and through the direct purchasing model, reducing the intermediate links (channel transportation, packaging, manpower) as well as making the commodities The selling price is lowered.

5.2. Promotion and Application in the Sinking Market

Pinduoduo's successful communication strategy and marketing experience in the sinking market lays the foundation for the future development of other small and medium-sized enterprises. First of all, with the popularization of the Internet, smartphones have received the demographic dividend of the mobile Internet and developed rapidly, becoming one of the most successful industries in China in terms of technology and brands going to market. In this social environment, Pinduoduo adopts the “social e-commerce” model, through the sharing and social fission between WeChat groups to obtain a large number of fan groups and user traffic. Secondly, Pinduoduo adopts price stimulation as a successful form of marketing stimulation, aiming to stimulate users to consume through full reductions, seconds, price cuts. When consumers open the shopping software, the new coupons and cash red packets, as well as ultra-low-discounted commodities can attract the attention of consumers, which will be more likely to stimulate consumers to generate the shopping decision [6]. It can be seen that this kind of communication strategy and marketing approach successfully matches the price-sensitive characteristics of consumers in the sinking market. Secondly, Pinduoduo has a certain promotion strategy in terms of social attributes, which is also the main reason why Pinduoduo can quickly squeeze the sinking market. Marketing through the user's point of view, invite friends to participate in the group activities, or participate in the price cutting consumption game, the initiator will be in the platform prompted to constantly send the commodity link to the WeChat group, so as to enjoy lower prices and higher discounts, the effective use of the user's social relationship chain, and rapid increase in the number of sales of commodities as well as the degree of exposure [6]. It can be seen that Pinduoduo comprehensive use of a variety of social attributes to promote means to achieve win-win-win situation, not only for consumers to get lower prices, but also to allow the e-

commerce platform to get publicity to get the flow, which helps the platform merchants to achieve better sales performance.

6. Conclusion

By adjusting its product strategy, optimizing its services and continuously innovating its communication mode in the sinking market, Pinduoduo not only allows its goods and services to spread rapidly, but also can effectively stimulate the potential of consumers in the sinking market and increase their participation, thus realizing an all-round and sustainable growth of its e-commerce platform business, and providing a strong impetus for market layout and growth. Pinduoduo relies on its own unique brand communication model and utilizes the large user base of social platforms such as WeChat to increase user engagement as well as purchase willingness, thus realizing a leap across its own three stages of development and has become the second largest e-commerce platform in China. At the same time, using the stp theory as a marketing strategy, its market positioning not only meets the needs of the majority of consumers, but also can bring value to consumers, through the establishment of contact channels with the target audience and precise communication strategy, Pinduoduo successfully established a wide range of brand awareness in the sinking market, which provides the necessary support for the market layout, and owns a place in today's highly competitive e-commerce field. However, there is also a lack of market positioning analysis. If the future consumer trend is upgraded or develops in the direction of higher quality, more specialized and more convenient, consumers will pursue higher quality of goods, and the rapid development of new forms and modes of business will be able to provide consumers with more choices and conveniences, therefore, Pinduoduo's marketing tactics featuring low-priced goods will be contrary to the mainstream development trend of the market. An in-depth understanding of Pinduoduo's marketing methods can improve marketing effectiveness, help enterprises better cope with market competition, and provide role models and inspiration for other e-commerce platforms. Enterprises can investigate and identify their successful internal operations by studying Pinduoduo's marketing methods, and can also provide theoretical and practical suggestions for the growth of e-commerce platforms. In the future, the upgrading of consumption trends or towards higher quality, more specialized and more convenient, the pursuit of consumers for the quality of goods will be higher, as well as the rapid development of new forms and modes of business will be able to provide consumers with more choices and conveniences, therefore, Pinduoduo's marketing methods featuring low-priced goods will be contrary to the mainstream development trend of the market. In future research, the impact of Pinduoduo's downmarket marketing strategy on consumers can be tracked and data analyzed.

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