

# Research on the Competitive Strategy of Cross-border Local Life of Short Video Platforms from the Perspective of Bilateral Market: Based on the Game Analysis of Douyin Group Buying and Meituan

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**Abstract.** In the context of the digitalization of local life services, Douyin relies on its huge user base and high traffic advantages to accelerate the layout of group buying business with low-price strategies and content marketing. This paper discusses the current situation of the market game between Douyin group buying and Meituan by studying the competitive strategy of cross-border local life on short video platforms, and provides a reference for the development of the local life service industry. Among them, it promotes the transformation of the industry from simple traffic competition to value creation, promotes the improvement of service quality and operational efficiency of the entire industry, and helps ps Douyin group buying clarify its own competitive advantages and shortcomings and formulate more reasonable strategies. And think about how to improve business efficiency and achieve sustainable development with traffic advantages. Help merchants understand the characteristics of the platform, choose a more suitable operation platform, and improve operating efficiency. Finally, the problems existing in Douyin group buying are summarized, and by analyzing the problems in the competition, the platform is promoted to improve the regulatory mechanism, promote the transformation of healthy competition in the industry, and protect the rights and interests of consumers and the sustainable development of the industry. It also provides reference suggestions for Douyin's local life group buying marketing strategy and subsequent development.

**Keywords:** Group buying, Douyin, local life, marketing strategy.

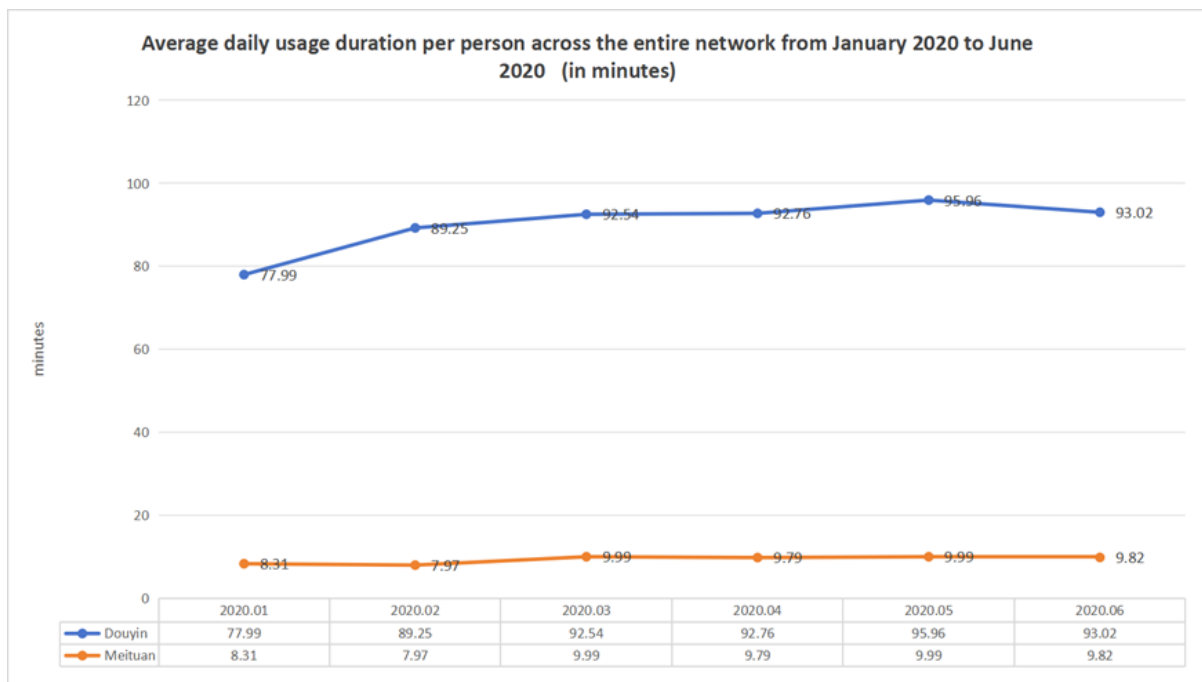
## 1. Introduction

With the emergence of Douyin group buying, Douyin has also seen more applications in local life, and has had some impact on traditional online life platforms such as Meituan and Dianping. Douyin has a huge user base and daily active traffic, so the group buying business has also attracted a large number of users. As a result, the user traffic of Meituan and Dianping has been diverted, especially those young user groups who are greatly affected by short videos and live broadcast content, and are more inclined to discover and purchase group buying products on Douyin. And Douyin group buying has risen rapidly in the local life service market with its low-price strategy, rich content marketing, and other means, seizing part of the market share of Meituan and Dianping. According to the research of Zhang Yan and others, it is mentioned that Douyin's group buying marketing function involves local life fields, including homestays, catering, hotels, etc. Creation of this feature. It is to help physical merchants to drain traffic and exposure to achieve online sales, and at the same time, it is also to help merchants convert the number of browsing users and fans into orders, and to drain traffic from the public domain to the private domain, so as to achieve traffic growth and business closed-loop [1].

## 2. The Development History of Douyin Group Buying and the Comparison between Douyin Group Buying and Meituan

In March 2021, Douyin officially launched a marketing tool called "group buying". It mainly serves merchants in the catering industry, hotel industry, tourism industry and other industries. After the certified enterprise account merchant creates a group buying activity and adds it to the video, you

can trade goods or services with users on the Douyin platform, and users can see the group buying activity when browsing the video, buy while watching, quickly place an order, and the supported group buying types include "logistics distribution" and "in-store verification". Before the implementation of Douyin group buying, most of them were large-scale life platforms such as Meituan and Dianping, which occupied most of the life market. The core logic of Meituan and Dianping is "people looking for services"-users have clear consumer needs (such as eating, watching movies, etc.) and conduct price comparison and decision-making through platform searches. The logic of Douyin group buying is "service to find people"-using short videos and live immersive content to stimulate potential customers' desire to consume (such as placing an order immediately after swiping the hot pot store search video). According to the "2025 Spring Festival Consumption Data Report", from January 28 to February 3, 2025, the number of group purchase orders for eating, drinking and playing on the platform was close to 1.5 times that of last year, and the number of group purchase orders driven by Douyin live broadcast content increased by more than 70%, in figure 1. According to the comparison of Douyin and Meituan's per capita single-day usage time data from January 2020 to June 2020, as shown in Figure 1, it can be seen that the per capita single-day usage time of Douyin is higher than that of Meituan. In addition, in order to attract merchants to settle in, Douyin has launched a series of preferential policies and subsidy measures, resulting in some merchants tilting their resources to the Douyin group buying. This makes Meituan and Dianping face greater competitive pressure when cooperating with merchants, and they need to retain merchants by increasing commission subsidies and optimizing services. In order to adapt to the operation model of Douyin group buying, merchants are focusing more on short video production and live broadcast planning. In contrast, the operational investment on Meituan and Dianping has been relatively reduced, which has affected the activity and product promotion effect of merchants on Meituan and Dianping [1].



**Fig 1.** Comparison of the average daily usage time of users of Douyin and Meituan from January to June 2020.

### 3. Douyin Group Buying Launch Strategy Analysis

#### 3.1 Extremely Low Prices and Diversification of Group Purchase Packages

In the initial stage of the business, a large number of group purchase "9.9-yuan coupons" were issued, covering multiple categories such as catering and movie tickets. It has also launched up to

4.5% off coupons for catering group purchases, etc., to attract users with low prices and promote explosive growth in GMV. The subsidies of the Douyin platform such as the "Whatever You Want" activity, the platform funded by the subsidy. The merchant's actual amount is the actual amount of group purchases, the difference is borne by the platform, and a series of low-priced group buying packages are launched to attract price-sensitive users. Design a variety of packages in group buying, such as ordinary packages, self-service packages, etc. Merchants are required to provide at least 5 different types of packages, including meals for 2 people, meals for 4 people, etc., to meet the needs of different scales of dining. The package design takes into account factors such as seasonality and festive characteristics, incorporating health trends and cultural elements. Scientific dish matching. Pay attention to the integration of signature dishes and specialties, reasonable meat and vegetable combination, design packages according to different consumption scenarios, and cleverly use seasonal dishes to enhance the attractiveness of the package and user satisfaction. Create a sense of urgency, stimulate consumption, and meet the consumption needs of users at different levels and scenarios. Douyin group buying pays more attention to content quality, such as highlighting close-ups of dishes and price comparisons in the first 3 seconds of the video. And through activities such as leaving messages in the comment area and drawing free orders, guide real users to interact, improve interactive data to meet the diverse needs of users, cultivate users' habit of "group buying on Douyin", strengthen the cognition of "low price is justice", and form differentiated competition with opponents [2].

### **3.2 Use the Flow Push Mechanism to Push Accurately**

For example, when you go out to watch Douyin videos, there is a high probability that the group buying information of stores near you will be pushed to you, and you can directly read the group buying without opening other life software. And accurately push the choice to publish videos during the time period when users are struggling with what to eat, such as 10:30 to 11:30. Using the push mechanism to push the flow based on interest and store location, the more stores are claimed, the more advantageous the push flow is, which can cover customers around the claimed stores across the country. The title of the group purchase product creates a sense of urgency, such as using expressions such as "limited to 100 copies, slow and none". With 3-5 single products in the package, the price is set by Geely Digital to improve the conversion rate of orders, and based on powerful AI algorithms, Douyin analyzes viewing history, like preferences, search records, and other multi-dimensional data to judge user interests and label users accurately. Douyin provides a wealth of data analysis tools, combined with the data generated in the process of accurate push, merchants can more accurately understand user needs and market dynamics, such as which group buying products users are more interested in, purchase trends in different time periods, etc., to provide strong support for subsequent decision-making. Accurately recommend group buying packages to target users, integrate the "content planting+transaction conversion" link, shorten the transaction path, and improve conversion efficiency [3].

### **3.3 Content Incentive Plan and Traffic Support**

Douyin Local Life has launched a "value-for-money group" activity for catering and comprehensive category merchants, and participating merchants can get Douyin's global daily traffic incentives, as well as exclusive channel pages, value-added group labels, and other rights. The mechanism of "the more profits, the more traffic incentives" is adopted to stimulate merchants to participate in group buying activities, provide merchants with 100 million traffic incentives, and ensure the ecological balance of the platform. Traffic support and content incentives have promoted an increase in high-quality group buying content on the platform, allowing consumers to discover high-quality products or services they are interested in more conveniently, and can also share detailed information through influencers, make more appropriate consumption decisions, and obtain a better consumption experience. 30 days before the new merchant settles in, the first 5 videos with goods released by the new store will enjoy a basic traffic package of 300-800. And after entering the regional

hot sales list, you can get LBS targeted traffic recommendations, and the same city page will be displayed first. Publish more than 18 POI positioning videos per month, and the commission will be reduced by 0.6%. If the GMV of a single live broadcast exceeds 50,000 yuan, the service fee for the next month will be reduced by 1.2%, and a creator incentive plan will be launched to provide traffic support and cash rewards for creators. Encourage creators to produce high-quality group buying-related content, such as store exploration videos, product introductions, etc. For creators who participate in the program with high-quality content and a high interaction rate, give their works more exposure opportunities, help their content to be on the popular list, promote content dissemination and group buying promotion, and promote a large number of high-quality content and extensive traffic exposure. It helps to enhance the brand awareness and influence of merchants, and can also shape the brand image through special content, attract more potential customers, and expand the boundaries of customer groups, so more merchants are willing to join the Douyin group buying [4].

## **4. After the Launch of Douyin Group Buying, its Core Competitiveness**

### **4.1 Traffic Competition Intensifies**

With its huge user base and strong content ecosystem, Douyin has attracted a large number of users to pay attention to local life services. 600 million daily active users enable it to accurately reach the target customer group within 5 kilometers in the same city, and popular videos can break through geographical restrictions, attract cross-city consumption, and bring a large number of potential customers to merchants. At the same time, the "same city" entrance on the Douyin homepage gives priority to recommending group buying content, providing merchants with more exposure opportunities. Because there are many daily active users and users spend a considerable amount of time, traffic acquisition on other platforms faces greater challenges. For example, Meituan originally had an advantage in local life services, but the emergence of the Douyin group buying diverted some users, and Meituan had to increase marketing and discounts to retain users.

### **4.2 Market Share Competition**

Douyin has strong competition for market share, and Douyin group buying has rapidly expanded its business scope, covering catering, beauty salons, leisure and entertainment, and other fields, and has launched fierce market share competition with traditional life service platforms. In the in-store catering business, Douyin group buying attracts more customers to the store to consume through the way of experts bringing goods.

### **4.3 Market Share Competition**

The grass planting attributes and purchase methods of Douyin group buying are more convenient, thus strengthening the stickiness of users' Douyin group buying. More than 70% of users obtain consumption information through short videos or live broadcasts, and "swiping videos → getting coupons → to the store" has become the mainstream consumption path. Users are no longer limited to traditional platforms to search and place orders, but discover and purchase life services through Douyin video recommendations, strengthen content recommendation and marketing, and form new consumption habits. When watching a video, users can directly click on the link to purchase a group purchase package without jumping to multiple platforms. This one-stop experience of "seeing-buying-using" shortens the path of consumption decision-making. For example, if you swipe the video of a hot pot restaurant, click the group purchase button below to place an order, and show the verification code in the store to use it. Douyin integrates entertainment and consumption, which is in line with the consumption habits of the new generation of consumers, which can allow users to inadvertently generate purchasing behavior, and the conversion rate of group buying is high [5].

#### **4.4 Competition for Merchant Resources**

Promote the strengthening of competition for merchant resources, and Douyin group buying attracts merchants to settle in with traffic advantages and preferential policies, and competes with other platforms for merchant resources. Merchants can open an enterprise account to launch group buying, and amateur accounts can also get organic traffic recommendations for publishing videos, which is convenient for merchants to start cold at low cost, reduces the difficulty of merchants participating in group buying, and attracts a large number of merchants to settle in. In order to gain more traffic and exposure, these small and medium-sized merchants will choose to open stores on the Douyin group buying platform, which has a certain impact on the merchant resources of traditional platforms, prompting other platforms to improve merchant services, lower entry thresholds and commissions, and attract merchants [6] [7].

### **5. Challenges and development of Douyin Group Buying**

#### **5.1 Inventory Fraud and Appointment Traps**

Merchants generally adopt the strategy of "overselling", and the actual inventory of the "limited flash sale" claimed by the live broadcast room is much lower than the sales volume. For example, a Sanya hotel sells 2,000 packages and reserves only 10 rooms for Douyin users every day, causing consumers to frequently "hit the wall" when making holiday reservations. Although the platform claims that the inventory is synchronized in real time, merchants create the illusion of scarcity through "dynamic inventory", and the inventory is mysteriously "replenished" after consumers place an order, forming a closed loop of hunger marketing. This routine has triggered more than 5,000 complaints about "unable to make an appointment" on the Black Cat complaint platform, involving popular tourist cities across the country. And anchors often use words such as "refundable by appointment" and "common on holidays" to induce consumption, but the actual terms are mysterious. For example, "no appointment refundable" needs to meet complex conditions such as "apply 7 days in advance", and "holiday general" may require payment of the price difference or only on off-peak days. When consumers encounter false publicity, the platform, merchants, and anchors shirk each other-the platform says that "inventory is managed by merchants", merchants emphasize that "housing is tight in the peak season", and anchors evade responsibility with "removed links", and consumers' rights protection path is deadlocked, hoping that a series of governance measures can be used to rebuild users' trust in Douyin group buying. When users no longer worry about inventory fraud and reservation traps, they will participate in group buying with more confidence, and the transaction activity and user stickiness of the platform will be significantly improved. The platform can launch the "Safe Group Buying" logo, which requires merchants to pass strict review and promise to be free of inventory fraud and reservation traps, allowing users to quickly identify high-quality merchants and further improve the consumer experience [8] [9].

#### **5.2 The Lag of the Supervision Mechanism of Group Buying Has Caused a Crisis of User Trust**

Although Douyin updated its merchant hierarchical management system in early 2025, there are still loopholes in the review. For example, some hotel package details pages have small fonts, vague rules, and even contain overbroad clauses such as "the final interpretation rights belong to the merchant". The crisis of trust among users in group buying has spread, consumers in Douyin group buying have continued to decline, and a large number of users in the black cat complaint said that they "can no longer believe in Douyin group buying". This collapse of trust may affect the entire local life sector, leading to higher customer acquisition costs on the platform, and more resources will need to be invested to rebuild user confidence in the future. The industry ecology of group buying is unbalanced, and Douyin's traffic tilt towards chain brands has exacerbated market differentiation. For example, Tmall Car Maintenance has achieved the industry's first order volume through Douyin

diversion, while small and medium-sized businesses are gradually marginalized due to a lack of resource support. This "Matthew effect" may lead to a loss of diversity in the local life service market, ultimately harming consumer choice. By building a professional and efficient complaint handling team, users can accept complaints about inventory fraud and appointment traps online 24 hours a day. After the complaint is accepted, the investigation is quickly launched, and the general complaint is given the result within 48 hours, and the complex complaint is resolved within a week. At the same time, regular random inspections of merchants' inventory and appointment implementation, timely handling of problems found, and publicizing illegal merchant information. In addition, strengthen cooperation with market supervision departments, take the initiative to accept external supervision, and severely punish serious violators in accordance with laws and regulations [10].

## 6. Conclusion

Although there are many problems in Douyin group buying, its huge traffic pool and innovative marketing model are still irreplaceable. To achieve sustainable development, multi-party collaboration is required. The platform should establish a stricter inventory review mechanism and implement traffic reduction for oversold merchants; Merchants need to return to "long-termism" and balance short-term drainage and long-term word-of-mouth; Consumers should enhance their risk awareness and rationally deal with the temptation of low prices. This study provides directions for the Douyin platform to optimize the group buying business, such as improving the algorithm and strengthening the monitoring of merchant inventory and reservation information; improve the review mechanism to reduce fraud at the source; Improve complaint handling efficiency, improve user experience, and enhance user stickiness and loyalty. Only by solving problems can we establish a good platform image, attract more merchants and users to settle in, stand out in the competition in the local life service market, expand business areas, and achieve sustainable development. Help merchants understand the importance of honest management, avoid being punished for fraud and violations, lose reputation and customer sources, guide merchants to abide by the rules, provide high-quality goods and services, and achieve long-term stable operation. The core of future competition will no longer be traffic plunder, but whether it can find a balance between efficiency improvement, experience guarantee and merchant profitability -this requires the joint exploration of platforms, merchants, supervision and users, so that "group buying" can truly return to the essence of "creating value for users". Only when all parties truly put user experience first, Douyin group buying change from "pseudo-welfare" to "real value" and promote the healthy development of the local life service industry.

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