

The Benefits of Private Domain Sales

--A Case Study of Kuaituantuan

Jingxi Liang^{1,a,*}

¹*Fashion Institute of Technology, New York, USA, 10001*

a. 1264791158@qq.com

**corresponding author*

Abstract: In this study, the benefits of private domain sales are examined using the case study of Kuaituantuan Company. The research specifically investigates the advantages of target customer positioning, customer loyalty, product customization, and sales conversion rates. Empirical research methods, such as case studies and data collection, were employed to gather insights. The findings reveal that private sales offer precise targeting, foster loyal customer relationships, enable personalized service, and yield high conversion rates. This study contributes practical experience and guidance for enterprises seeking to attain a competitive edge in the market. By leveraging private domain sales, companies can develop effective sales strategies and business models to effectively navigate challenges. The research underscores the significance of private domain sales as a powerful tool for companies to enhance their market position and drive growth. The findings provide valuable insights for businesses aiming to optimize their sales approach and capitalize on the potential of private domain sales in today's competitive landscape.

Keywords: private domain sales, customer loyalty, sales conversion, competitive advantage

1. Introduction

In the rapidly changing business environment and with the advancements in digital technology, private domain sales have emerged as a prominent trend, garnering significant attention. However, despite its growing popularity, there remains a research gap regarding the potential benefits of private domain sales, particularly in the context of intense competition within the e-commerce industry. This study aims to address this gap by exploring the advantages of private domain sales, with a specific focus on Kuaituantuan Company as a case study.

Private sales are a new e-commerce model. In the first half of 2019, after the release of the "2019 Private Domain E-commerce Report", merchants began to turn their attention to private domain traffic to find new growth space [1]. The study will investigate the benefits associated with targeted customer positioning, customer loyalty, product customization, and sales conversion rates. Employing empirical research methods, such as case studies and data collection, the study will delve into the practical experiences of private domain sales. The findings will provide valuable insights to predict future trends and offer recommendations for the development of enterprises.

The significance of this study lies in its ability to guide enterprises in effectively targeting customers, enhancing customer loyalty, and achieving personalization in service delivery, ultimately

leading to the acquisition of competitive advantage. By comprehensively understanding the benefits of private domain sales, companies can develop and implement effective sales strategies and business models to effectively navigate the challenges posed by the competitive landscape.

This study is crucial for enterprises seeking to optimize their sales approaches and capitalize on the potential of private domain sales. By shedding light on the advantages and possibilities associated with private domain sales, this research aims to contribute to the overall understanding and implementation of this innovative marketing approach, fostering the growth and success of enterprises in the ever-evolving business landscape.

These findings have important implications for businesses. Private domain sales are an effective market competition strategy, which can help enterprises stand out in the competitive environment. Through precise positioning and personalized service, companies can meet customer needs and increase customer satisfaction and loyalty. Private domain sales can also optimize the sales process, increase sales conversion rates, and achieve higher sales revenue and profits.

However, enterprises need to establish robust data collection and analysis systems and strengthen internal organizational collaboration when implementing private domain sales. Future research could delve into the implementation strategies and success stories of private domain sales, as well as the integration of private domain sales with other marketing methods. In addition, studying the impact of private domain sales on different industries and business sizes is also a valuable direction.

2. Private Domain Sales as a New Arena

2.1. The Birth and Development of Private Domain Sales

In 2020, the COVID-19 pandemic hit both online and offline businesses. Merchants were beginning to pay attention to how to break through the traffic growth problem and seek revenue growth from existing customers, and private domain e-commerce provides solutions for this.

Traditional e-commerce faces two major growth dilemmas. First, the growth rate of traditional e-commerce has slowed down, and the growth rate of the number of users and the total amount of transactions has declined. Merchants began to obtain traffic from off-site platforms, strengthen content construction, and improve user stickiness. Secondly, traffic costs are rising, merchants' dependence on the platform is increasing, the number of merchants is increasing, traffic prices are rising, and customer acquisition costs are increasing [2].

Merchants realize the importance of private domain traffic and actively explore the private domain e-commerce model. Private domain traffic is owned by the merchant, and the user establishes a close relationship to achieve precision marketing and personalized service. The core idea of private domain e-commerce is to establish and operate private domain traffic to achieve traffic transformation user growth. Businesses need to accumulate private traffic, refine operations, increase user stickiness, innovate marketing methods, master user needs through private traffic, improve user experience, and achieve sales growth. With the development of private e-commerce, it will play an important role in the future e-commerce field [3].

2.2. The Impact of Private Domain Sales on Traditional E-commerce

Private domain sales have had many impacts on traditional e-commerce. First, in terms of the transaction environment, private e-commerce is mainly for acquaintances or semi-acquaintances, while traditional e-commerce is for strangers. This means that private e-commerce is easier to build trust and intimacy and increase the willingness to buy.

Secondly, in terms of the marketing model, private domain e-commerce is more inclined to social marketing through the acquaintance economy and fan economy, while traditional e-commerce is mainly based on promotion-driven traffic marketing. Private e-commerce affects purchasing

decisions through acquaintance recommendations, word-of-mouth, and fan effects, while traditional e-commerce relies more on product quality, price, and brand awareness [4].

From the perspective of channels, private e-commerce relies on social platforms with personal attributes such as WeChat, circle of friends, Weibo, and App, while traditional e-commerce relies more on open environments such as apps and websites of e-commerce platforms.

Private e-commerce also has some elements that traditional e-commerce lacks. The first is the social attribute, through the interaction and sociability of mobile social platforms, private e-commerce can achieve a high transmission rate. Second is the IP attribute, private domain e-commerce focuses on a product, through the sharing of relevant knowledge, skills, and personal charm to attract loyal fans, these fans can help spread and share, to achieve accurate operation. In addition, private e-commerce focuses on providing service-oriented content, such as problem consultation and experience sharing, enhancing user dependence, and improving the purchase rate and re-purchase rate [5].

2.3. The Benefits of Private Domain Sales

The advantages of private domain sales are mainly reflected in the following three aspects: First, controllable flow: Most of the traffic of traditional e-commerce platforms is in the hands of the platform, which is difficult for merchants to control. However, private traffic operation platforms such as WeChat and TikTok have a unique traffic distribution mechanism, and businesses can establish their own private traffic pool, accumulate their own fan groups, and enhance their control over traffic.

Secondly, high-cost performance: in traditional e-commerce platforms, merchants need to pay fees to obtain public traffic, while the cost of private traffic operation is lower. The traffic acquired is of a long-term nature, and as a private asset of the merchant, the merchant can control and obtain continuous economic benefits.

Thirdly, the possibility of in-depth service: Private domain traffic operation enables merchants to establish a lasting relationship with users, understand user needs through interaction and contact, and provide more in-depth services. This is difficult to achieve on a public traffic platform [6].

The benefits of private domain traffic operation are to improve user goodwill and loyalty to the brand, build brand image, achieve low-cost word-of-mouth communication, and prevent user churn [7]. Private domain access can convey brand value and enterprise strength, shorten the distance between enterprises and users, improve users' goodwill toward the brand, and encourage users to experience products and buy.

3. Private Domain Sales Model of Kuaituantuan

Kuaituantuan is a small program of WeChat community group buying under Pinduoduo, which was launched in March 2020. As one of Pinduoduo's strategic products, Kuaituantuan aims to provide users with a convenient group-buying experience through WeChat community group-buying. Merchants can line the product group purchase page in Kuaituantuan and carry out contact-free delivery after reaching a certain number of group buyers, solving the problem of order statistics and verification in traditional WeChat groups [8].

Kuaituantuan's features include the convenient use of WeChat mini programs, a one-stop shopping experience to meet users' daily life needs, and the support and endorsement of Pinduoduo as the parent company. Its advantage is that it is rooted in the WeChat mini program, there is no need to download additional apps, the functions basically meet the needs of mainstream group buying, and it is free to use.

The mini program began large-scale recruitment of community managers in the second month of its launch and invested a lot of money in subsidies, such as free fees and pipeline commissions. At the same time, a switch in the amount of run reward is introduced to tap the potential of managers. Kuaituantuan also encourages internal managers to upgrade, become stars and obtain official traffic support [9].

Low consumption users, low-end supply chain and WeChat group to build up the business map of Kuaituantuan, price sensitivity is the typical characteristics of Pin-duo and fast group users, WeChat group is their typical behavior. The two keywords "free" and "convenience" are conducive to Pinduoduo users joining Kuaituantuan.

4. Private Domain Sales Value of Kuaituantuan

Kuaituantuan is the largest social group-buying app in terms of market share, with 150 billion GMV in 2022, 6 million community managers, and more than 1 million managers selling every day. The app has covered more than 90 industries and attracted various groups of people, including Taobao shop owners, farmers, WeChat business entrepreneurs, property managers, overseas online shopping agents and business owners [10].

Kuaituantuan's appeal stems from its low threshold and fast withdrawal features. Kuaituantuan does not charge any fees for the time being, only the WeChat withdrawal fee of 6 percent. Compared with Taobao and other e-commerce platforms, Kuaituantuan customers pay the money immediately to the seller's account, the seller can withdraw cash at any time.

However, the rapid development of Kuaituantuan also faces some hidden worries, especially the issue of after-sales rights protection, which may lead to the loss of users. As of April 25, 2023, on the complaint platform "Black Cat Complaint", there have been 5,371 complaints about Kuaituantuan, involving quality problems, false publicity, non-delivery, and inability to refund. These problems mainly stem from the particularity of the mechanism of Kuaituantuan rules. First, Kuaituantuan does not have relevant qualification review procedures. Secondly, Kuaituantuan's collection and refund mechanism is convenient for managers and can quickly collect money, but for consumers, quality problems and non-delivery problems lack third-party guarantees, and there is a certain threshold for rights protection [11].

In general, Kuaituantuan, as a market-leading social group-buying application, has attracted a large number of heads and users through its low threshold and fast cash withdrawal. However, the problem of after-sales rights protection and the game between managers have become the challenges that need to be solved in its development.

5. Conclusion

Through the case study of Kuaituantuan Company, this study found that private domain sales have many benefits. First, private domain sales can achieve precise target customer positioning and attract high-potential customers through personalized strategies. Second, private domain sales increase customer loyalty and promote repeat purchases and word of mouth. Third, private domain sales support product customization and personalized services to enhance product competitiveness. Finally, private domain sales have a higher sales conversion rate, improving sales efficiency and performance.

To sum up, private domain sales, as an innovative marketing method, is of great significance to the development of enterprises. By gaining an in-depth understanding of the benefits of private domain sales, companies can develop effective sales strategies and enhance their competitiveness. Further research and application of private domain sales will bring more business opportunities and development potential for enterprises.

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