

Research on Marketing Strategies of E-Commerce Enterprises on Suning E-Commerce under New External Conditions

Ningyu Zhang, Bin Huang*

Business School of Lishui University, Lishui, 323000 China

*Corresponding Author.

Abstract:

In recent years, many traditional enterprises in China have transformed into e-commerce enterprises under the external influence. With the continuous development of network nology, e-commerce becomes increasingly mature. However, there are problems in the marketing methods and strategies of China's e-commerce enterprises. Starting with the analysis of the internal and external environment of Suning E-commerce's marketing development, this paper analyzes major problems in Suning E-commerce's marketing, including vague target market positioning, online and offline price conflicts, lack of professionals and imperfect logistics system, and puts forward countermeasures, which is of great significance to promote the development of Suning E-commerce.

Keywords: *E-commerce, Suning E-commerce, Enterprise marketing strategy, New external environment.*

I. INTRODUCTION

Suning E-commerce (www.Suning E-commerce) was officially launched on February 1st, 2010, as the fourth-generation e-commerce platform of Suning Appliance, and it has been operating as an independent subsidiary of Suning Appliance Holdings after it was launched. Its appearance also marks that Suning Appliance has officially entered the field of e-commerce. As an online extension of the retail industry, the core strengths of Suning E-commerce's success are still products, logistics and services. In particular, the strong physical logistics distribution network and after-sales service network bring high-quality services to consumers, which is the characteristic distinguishing Suning E-commerce from traditional B2C enterprises and the core competitiveness of Suning E-commerce. It has established efficient supply chain relations with tens of thousands of manufacturers around the world. Customers can purchase products with higher quality and better price on this platform. The chain relations provide a strong guarantee for the source of goods, product quality and product categories of Suning E-commerce. At present, Suning E-commerce covers more than 90% of cities and regions in China. Cities having Suning E-commerce stores and Suning E-commerce service outlets can enjoy localization services [1]. In 2011, according to the B2C data released by iResearch, Suning E-commerce successfully surpassed Amazon in the third quarter, with a market share of 3.4%, ranking third in B2C, only behind Taobao Mall and JD.COM Mall. Besides, Suning E-commerce is in a strong rising phase, striving to become the leading brand of B2C home appliance

industry in China [2]. The raising of questions; the current marketing strategies of Suning E-commerce mainly include product strategy, price strategy, channel strategy and promotion strategy. Under the new external conditions, there are some problems that need to be analyzed and solved urgently [3]. How to improve the marketing strategies of e-commerce enterprises on Suning E-commerce under the new external conditions?

II. METHODOLOGY

Analysis of internal and external environment of marketing development of Suning E-commerce. Suning E-commerce's external environment includes policy and legal environment, population environment, netizen consumption environment, technology environment and competitors.

2.1 Political and Legal Environment

China's national policy environment is relatively stable, and the current economic policies are conducive to the development of enterprises. As an influential e-commerce platform in China, the Suning E-commerce Platform under Suning Appliance has always played a leading role in the development of China's e-commerce economy. China has also issued laws and policies to protect the development of Suning E-commerce. In 2015, the National People's Congress of China proposed the *National Security Law*. In 2016, the National Development and Reform Commission promoted the *Notice on Promoting the Development of E-commerce*; in 2018, the Standing Committee of the National People's Congress proposed the *E-commerce Law*; in 2019, the Standing Committee of the National People's Congress launched the *E-commerce Law of the People's Republic of China* and other laws [4]. These laws encourage healthy online transactions, standardize various online behaviors, and protect the interests of consumers and businesses. The strong institutional guarantee lays a solid foundation for the development of domestic e-commerce.

2.2 Population Environment

According to China's population survey, by 2019, China's population reached 1.405 billion. The population has been on the rise. The extremely large population base and the increasing Internet users promote the development of e-commerce. However, in recent years, the number of people aged 15-59 in China has been more than half of the total population, and the main force of e-commerce industry is exactly this age group, which brings opportunities to Suning E-commerce (Fig 1).

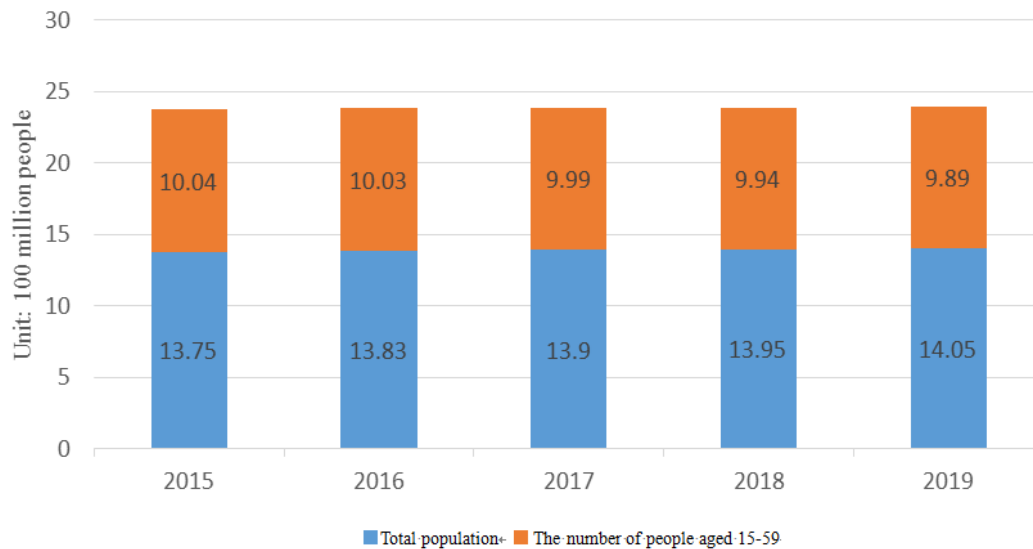


Fig 1: Total population and age distribution in China from 2015 to 2019

Source: National Bureau of Statistics, 2020

2.3 Netizen Consumption Environment

The in-depth development of the Internet involves various fields, changing people's lifestyles. Consumers have increasing interest in online shopping. Third-party payment, honest service experience and the establishment of major apps make online shopping more mature, and new shopping methods are gradually approaching online shopping. Suning E-commerce constantly provides good experiences and strives to be more trustworthy.

2.4 Technical Environment

The popularity and update of big data and network, secure transactions, information encryption and credit services have made continuous progress, creating numerous e-commerce models. E-commerce has changed from single e-commerce data to diversified information exchange platform. Suning E-commerce has launched all-category and omni-channel smart retail, modern logistics with independent technology and full-license information-based financial services [5], which provides consumers with a diversified shopping stage and releases the network factors under the big data environment. [6]

2.5 Competitors

In terms of operating income, Taobao had an operating income of RMB 3,115 billion in 2019, ranking first among China's e-commerce enterprises. By contrast, JD.COM, Suning E-commerce and Pinduoduo are far behind Taobao in operating income. Under the leadership of Taobao, JD.COM also started to invest heavily, launching the "Natural Selection" project, Jingxi and the largest offline electrical appliance

experience store to increase sales. Suning E-commerce has added storage centers to provide high-quality services for villages and towns, which has gained the support of users. On the other hand, based on its own group purchase model, Pinduoduo introduced tens of billions of subsidies, increased investment in data research and development, and settled in the live broadcast industry of e-commerce, laying a strong foundation for its future development and marching towards an e-commerce giant. The fast development of these e-commerce platforms is conducive to the rapid promotion of the e-commerce economy, and it is also conducive to Suning E-commerce's breakthrough and innovative development (Fig 1-2).

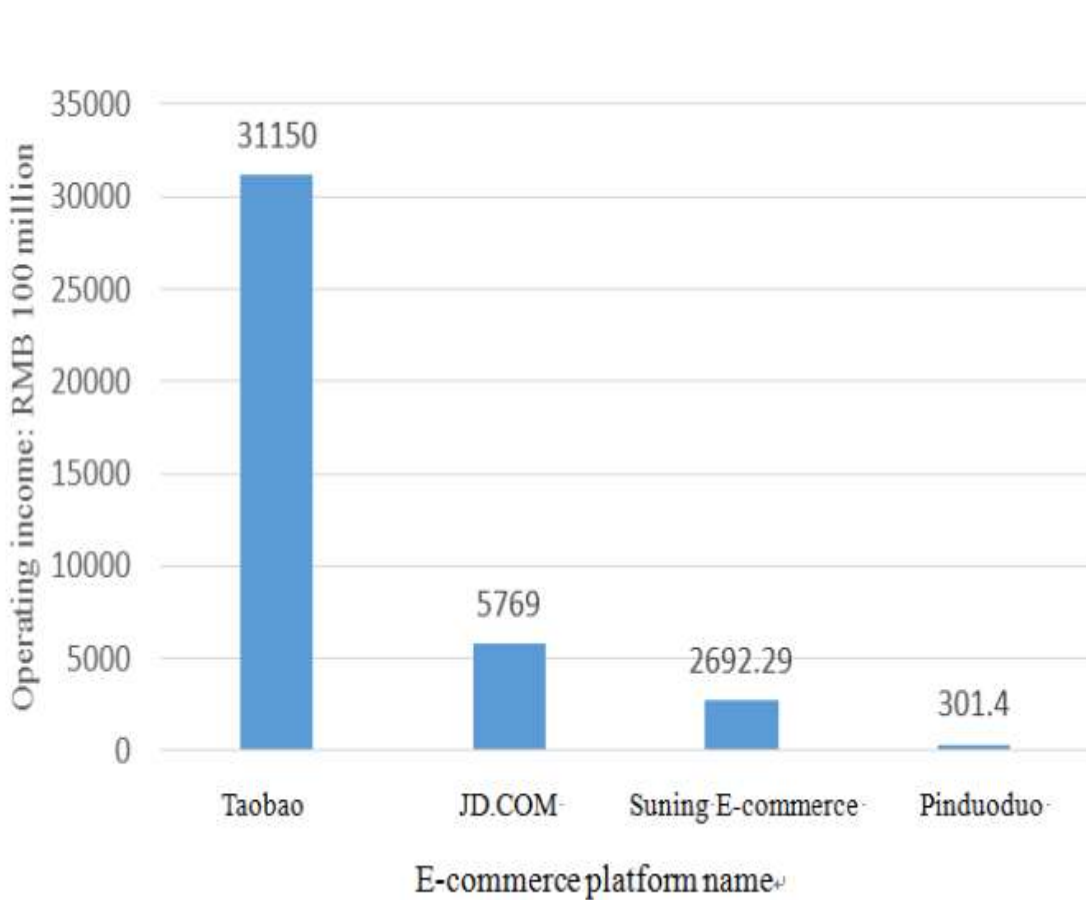


Fig 2: Operating income of each e-commerce platform in 2019

Source: Research Report 2020

III. RESULTS AND DISCUSSION

At present, Suning E-commerce's marketing strategies mainly include product strategy, price strategy, channel strategy and promotion strategy. Under the new external conditions, there are some problems that need to be analyzed and solved urgently.

3.1 Vague Target Market Positioning

Accurate market positioning can bring outstanding achievements to enterprises, and reasonable market positioning can shorten labor resources and reduce sales costs [7]. However, the public still has the preconceived idea that the products sold in Suning E-commerce are still products of the home appliance industry, and its popularity is not as high as that of physical stores. For online shopping platforms, people are more willing to choose JD.COM and Taobao. In addition, Suning E-commerce's target market is located in the commercial areas of large and medium-sized cities. But at present, due to the competition of traditional home appliance enterprises like Gome, Haier and Gree, the home appliance market in big cities is basically saturated, and the supply exceeds demand. On the contrary, the third-and fourth-tier cities with relatively backward economy have a large demand [8].

3.2 Poor Customer Experience

In view of the user experience survey in Suning E-commerce, this paper designed a questionnaire. 200 consumers of different ages and regions were investigated. Among them, 132 interviewees have used Suning E-commerce and 68 interviewees have never downloaded the Suning E-commerce APP. On the basis of 132 interviewees who have used this APP, only 24 interviewees agreed that the products were quickly traded. This indicate that the product update of Suning E-commerce is slow and can not meet the different needs of consumers. Nearly 80 interviewees had poor experience in service, reflecting the lack of management in dealing with pre-sales and after-sales in Suning E-commerce, low online efficiency of customer service and untimely handling of messages. In terms of shopping experience, 28 interviewees felt that the experience was general, and they proposed that people were worried about the quality of goods in Suning E-commerce. Even 61.36% of the interviewees would not recommend Suning E-commerce to people around (Fig 3) [9].

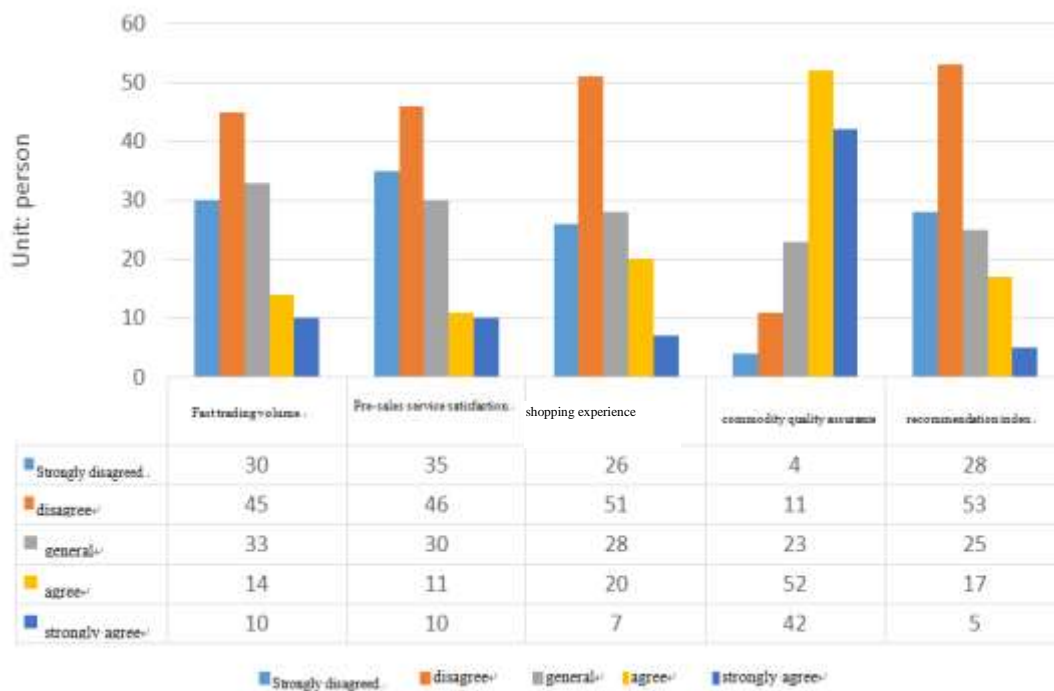


Fig 3: User Experience of Suning E-commerce

Data source: Wenjuanxing Questionnaire

3.3 Separation of Online and Offline Services

The goods displayed online are much more than those in physical stores. Suning Company has no agency right for some products, so it has no right to sell products displayed online through its offline channels. Some customers in Suning E-commerce turn to choose Taobao and JD.COM due to internal differences between online goods and offline goods of Suning Company; Suning Appliance's "three-in-one" collaborative model requires unified online and offline prices. However, because of different costs and different product types, the prices are inconsistent. Although some products have the same prices, there is room for comparison in different physical stores. When consumers have doubts about the prices, the salesmen can only tell customers that they need to make application for their objection layer by layer [10]; to attract consumers, the online goods often have favorable prices. As a result, consumers prefer online shopping, which has impacted the sales of offline stores [11].

3.4 Goods Distribution

Although the physical store goods storage centers of Suning E-commerce are distributed all over the big cities in China, the shopping in remote areas is restricted. The imperfect logistics system severely shortens the delivery time in remote areas. There is no uniform standard for the links in the supply chain of Suning E-commerce, and efficient cooperation cannot be achieved when connecting logistics, which

reduces the distribution efficiency. Besides, due to the lack of specialized logistics distribution talents, it is difficult to operate the facilities and equipment in each warehouse center smoothly. Thus, unique and personalized services cannot be provided for customers; Suning E-commerce implements self-operated distribution. Its distribution system is complicated, which damages the quality of goods in the distribution process and affects customer satisfaction [12].

IV. CONCLUSION

The inspiring development trend of Suning E-commerce lies in that it takes consumers as the center, constantly adjusts product quality, improves professional services and adopts multi-channel marketing. Faced with the marketing problems, Suning E-commerce has also taken active countermeasures.

4.1 Accurate Market Positioning and Comprehensive Enterprise Development Across the Board

In the era of customer first, consumer satisfaction is the main body. To further gain market and enhance competitiveness, Suning E-commerce should improve brand loyalty. The managers of Suning E-commerce must change the traditional marketing methods. It should be based on a solid foundation of offline stores, putting forth new ideas, building its image in the public, raising the public's awareness of Suning E-commerce, and encouraging consumers to join in the research and development of new products. It should provide personalized services, so that products can be innovated and developed to meet the real needs of the public. In addition, with the change of external environment, various products are sold online. Suning E-commerce has announced 18 measures to help farmers, providing certain guarantee for farmers. It also unites its subordinate stores to stabilize residents' shopping baskets, and provides operation specialists, 50% off logistics costs and free consultation on employees' health for businesses in short supply; it should use big data and cloud technology services to collect consumers' consumption preferences and share information and innovate products and processes, so that consumers can know all the trends in Suning E-commerce at home. Products should be re-positioned to stimulate consumers' consumption desires; in terms of after-sales services, standardized and oral language should be used to get close to consumers and ensure satisfactory services for consumers.

First of all, Suning E-commerce can provide consumers with services such as keyword search and product comparison, so that consumers can easily purchase products. At the same time, it can classify products reasonably to build a convenient bridge for consumers. Secondly, most of the current network groups are young people. Suning E-commerce can distribute questionnaires online to collect feedback from consumers on product innovation, color, quality and other aspects, optimize products for different needs, and save production costs to benefit consumers. Furthermore, during the epidemic period, Suning E-commerce can increase the quota coupons for different user groups, based on the consumer information retained by big data, and send them to consumers by SMS to stimulate their desire to purchase. Finally, according to consumers' shopping preferences, it should strengthen the connection between the platform and consumers, and ensure high-quality after-sales services and guarantee.

4.2 Reasonable Use of Diversified Marketing Methods

On the one hand, offline stores are greatly affected. Suning E-commerce can fully guarantee the development of offline stores, and at the same time, enhance the publicity of its online shopping malls. Relying on online price and logistics advantages, it should vigorously support online development and fully integrate online and offline sales channels to promote transformation and upgrading; when implementing O2O modes, it should learn from American experience, focus on sales complementarity, and realize online and offline differentiated operation. On the other hand, when external conditions restrict face-to-face transactions, Suning E-commerce can take advantage of Suning Store, its franchise stores, Suxiansheng and Redbaby to efficiently deliver goods to consumers, thus meeting their different needs in time and space, and creating convenience for them.

4.3 Accelerating the Construction of Network Security Payment Mechanism

With the continuous development of information technology, payment methods introduced by WeChat, Alipay, Yifubao and various banks have been welcomed by the public, so it is particularly important to establish an online payment security system. Under the influence of the new environment, online payment provides guarantee for living payment, online shopping, material donation and other aspects, and ensures the security, continuity and high efficiency of payment business. Suning E-commerce can update the software and hardware facilities of the payment platform in time for online payment, use modern encryption technology to ensure payment security, regularly clean up the viruses existing in the platform, implement optimization and upgrading, and conduct real-name authentication of ID card of each user. In addition, it can introduce and train professionals of core technologies to set up a network security R&D and improve the construction of internal websites and payment websites of enterprises. It should enhance its own credit construction, establish innovative consciousness, improve its management ability, and create a safe payment environment. It should optimize the online payment process, formulate unified payment standards, and enhance customer satisfaction.

4.4 Improving the Logistics Distribution System and After-sales Services

Suning E-commerce can cooperate with local residents to set up temporary distribution agencies to extend the distribution time. In addition, it can select transportation facilities according to the specific goods to be delivered. For example, when transporting valuable and long-distance goods, air transportation can be used to improve the efficiency; for the standardization of supply chain, Suning Logistics can use big data to predict the time and place of consumers' purchase, and rationally adjust the nearby warehouse inventory, which not only provides consumers with a perfect experience but also controls the logistics cost. The competition is getting fiercer, and customers' personalized and characteristic demand is becoming increasingly prominent. The market demand of multiple varieties and variable batches brings new challenges to logistics construction, which requires more delicate logistics services. On the premise of ensuring the continuous optimization of the whole logistics process, it is necessary to further clarify the service requirements of the upstream, middle and downstream links of the supply chain, standardize the

service process, clarify the service objectives, refine the service content, pay attention to the characteristic service, establish a quality assurance system covering the whole supply chain, and strictly control the gateway to realize "zero defects" in the large logistics service process.

REFERENCES

- [1] Zhang XT, Zhu PW (2020) The development status and countermeasures of e-commerce standardization in China. *Quality exploration* (2):15-21
- [2] He Y, Li WQ (2019) Working capital financing management under the new retail model in Suning E-commerce and its enlightenment. *Finance and Accounting* (19):25-28
- [3] Xu F (2020) Suning E-commerce's applied research on supply chain management. *Fujian Quality Management* (3):97
- [4] Yin RL (2017) Research on online and offline integrated marketing strategy of Suning Appliance. *Market Modernization* (7):74-75
- [5] Hu Y (2016) Analysis of online and offline channel conflict and integration of Suning Appliance. *Co-Operative Economy & Science* (15):75-77
- [6] Wang YL (2020) The human resource management of Suning E-commerce grass-roots sales staff. *Consumer Guide* (19):283,285
- [7] Zheng M, Li WF (2019) Research on the development problems and countermeasures of network marketing. *New Marketing* (3):1-2
- [8] Hong T (2020) Research on the Innovation of E-commerce Model of Agricultural Products in China under the COVID-19 Epidemic. *Jiangsu Commercial Forum* (5):20-25
- [9] Tan LF (2018) Suning Appliance O2O marketing model status and countermeasures. *The Fortune Times* (6):13
- [10] Cao JY (2020) Analysis of the impact of online payment on consumer market under epidemic situation. *Journal of Jilin Financial Research* (9):25-27,48
- [11] Xiao DM, Wei ZSY (2020) Analysis of e-commerce network security payment. *Think Tank Era* (7):39-40
- [12] Cong XL (2018) Analysis of human resources support behind "double 11"-take marketing professionals as an example. *Enterprise Reform and Management* (24):68-69