

Analysis of RedNote's Competitiveness and Ecological Model

Xiuhan Yang ^a

Conservatory of Music and Dance, Yunnan Normal University, Juxian Street, Chenggong District, China

Keywords: RedNote, Social e-Commerce, User-Generated Content (UGC), Ecological Model, Platform Competition.

Abstract: With the development of the Internet, various platform software emerges in an endless stream. This paper takes RedNote as the research object to analyze its core competitiveness, development and challenges in the field of social e-commerce. Through case and data analysis, it is found that its competitiveness is reflected in the unique "content + social + e-commerce" ecological model. With user-generated content (UGC) as the core, it builds a high-stickiness community; relying on precise algorithm recommendations and diversified content to cover young consumer groups; and achieving commercial growth through brand cooperation and e-commerce closed loop. Its ecological model successfully builds a closed-loop scenario of "discovery-sharing-purchase", drives consumer decisions through content, and consolidates user retention with community stickiness. At the same time, RedNote is also facing content homogeneity, pressure from fake information governance, and competition threats from external platforms. This article analyzes RedNote's market competitiveness based on it and proposes suggestions such as optimizing the platform to improve quality and expanding global layout, providing a reference for RedNote to consolidate its market position.

1 INTRODUCTION

RedNote was initially positioned as a cross-border beauty content sharing community to help users overcome the information barriers of overseas shopping. In 2014, it entered the e-commerce industry to achieve a closed loop of "planting grass-consumption" and then improved the supply chain by building its own bonded warehouse. In 2016, it transformed into a social e-commerce platform and launched the live broadcast function, gradually forming a "content + transaction" ecosystem. In 2018, it accelerated its expansion after receiving investment from the two giants Alibaba and Tencent. In 2019, it was selected as "Forbes China's Most Innovative Enterprise in 2019", and started its global layout, but at the same time faced content compliance challenges. As of 2022, the platform has gathered 150,000 business entities and has become a UGC content hub covering all categories of lifestyle. In 2024, taking advantage of the window period when TikTok was blocked overseas, its short video function and Chinese cultural characteristics attracted an influx of international users, completing the leap from a local life guide to a global content platform, and

continuing to deepen the unique business model of "content + social + e-commerce". RedNote is China's leading "content + social + e-commerce" lifestyle platform, and its core concept is "mark my life". Users share their real experiences in beauty, fashion, travel, food and other fields through pictures, texts and short videos, forming its unique "planting grass" culture (Zhu, 2023). Currently, RedNote has over 300 million monthly active users, with young women as the core group. It has built a "social + e-commerce" ecosystem covering all scenarios such as beauty, fashion, and local life, with an average daily note publishing volume of over 3 million. The platform has accelerated commercialization through "live e-commerce + closed-loop transactions", with more than 200,000 brand merchants, and the "slow live broadcast" model of celebrities has repeatedly set a single GMV record of over 100 million, with both advertising and e-commerce revenue growing. The global layout continues to advance, with more than 50 million overseas users, leveraging the opportunity of Chinese brands going overseas and cultural output to expand international influence, but faces challenges in localized operations and compliance. Balancing commercialization and community tone is its core

^a <https://orcid.org/0009-0008-5490-9208>

issue, and it is also necessary to cope with the squeeze of competitors.

This article takes RedNote as the research object, analyzes the differences between RedNote and its competitors based on its unique ecological model, and thus analyzes the competitiveness of RedNote.

2 ANALYSIS OF REDNOTE'S DIFFERENTIATION STRATEGY

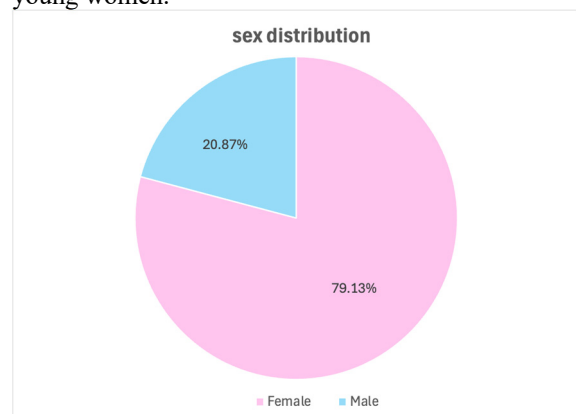
RedNote is a typical social e-commerce platform company. Its core value lies in connecting users, merchants, creators and third-party service providers through multilateral network effects to form a closed-loop ecology of "content-transaction-data". The emergence of RedNote has broken the boundaries between traditional social and e-commerce and built a closed loop of "content seeding-interactive discussion-commodity transaction". The platform relies on user-generated content (UGC), which refers to users creating accounts on social media platforms and sharing their own content. These contents have various forms, such as pictures and videos on social media. These users began to shift from receiving information to creating content and are also keen to become content sharers (Wang, 2022). In 2023, RedNote's GMV will exceed 200 billion yuan, with advertising business revenue accounting for about 80%, and the proportion of e-commerce continuing to rise. The average daily usage time of users exceeds 60 minutes, and user stickiness reaches 35%, which is higher than most vertical communities. By 2023, the platform will gather more than 50 million brand enterprise accounts, becoming a core position for brands to reach young consumers.

2.1 Content Ecology and User Groups

RedNote focuses on real user sharing, and its content covers beauty, fashion, travel, food and other fields. Its users are mainly young women. The platform combines UGC (user-generated content) and PUGC (professional user-generated content) to create a dynamic and highly interactive community environment with UGC as the cornerstone, forming a highly interactive community (Liu et al., 2024).

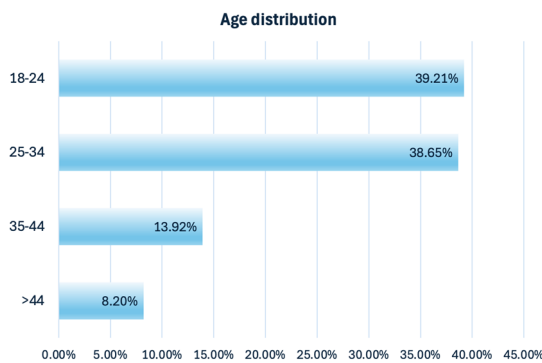
At the same time, it has built a community ecology that coexists with diversity and verticalization and has both life guide and social interaction attributes. The platform content covers four core areas: beauty and fashion, lifestyle, knowledge and local consumption.

Among them, beauty and fashion has long occupied a high traffic area, and users form a consumption decision chain through product reviews, makeup tutorials and other content; while lifestyle content such as fitness, home, and travel has grown rapidly in recent years, reflecting users' pursuit of "exquisite life". It is worth noting that the rise of knowledge-based content (such as workplace skills and education planning) has attracted highly educated user groups, pushing the platform content from entertainment to practicality. In terms of content form, UGC (user-generated content) accounts for more than 90%. The sharing of real experiences has built a high-trust community atmosphere. The platform has achieved the promotion and dissemination of creativity through UGC (Li, 2024). Short videos have penetrated rapidly due to their immersive experience, but in-depth graphic notes are still the mainstream carrier of knowledge content, and users are more inclined to obtain systematic information through long texts. On RedNote, users achieve emotional resonance with creators through interactive methods such as likes and comments, which satisfies users' emotional experience. This emotional resonance formed between each other is closely related to the algorithm recommendation mechanism (Liu et al., 2024). The algorithm recommendation mechanism strengthens the dual distribution logic of "interest + social", which not only accurately matches content based on user tags but also forms a circle of communication through the attention chain, so that niche vertical content can be continuously exposed. User participation is one of the criteria for testing the success of social media (He, 2024). As shown in the figure, the main active users of RedNote mostly reflect the distinctive characteristics of RedNote's wide user group and the continuous breakthrough of the circle dominated by young women.



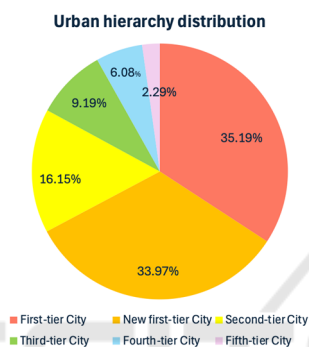
Data source: <https://www.qian-gua.com> 2024

Figure 1: Gender Distribution Chart of the Platform.



Data source: <https://www.qian-gua.com> 2024.

Figure 2 : Age Distribution Chart of the Platform



Data source: <https://www.qian-gua.com> 2024

Figure 3: Urban Hierarchy Distribution Chart of the Platform

2.2 Combination of e-Commerce and Content

RedNote uses the "grass planting" model to allow users to share their shopping experiences, and the platform embeds e-commerce functions to form a "content + e-commerce" closed loop. Different from the traditional platform AISAS integrated marketing model, RedNote integrates Attention to Interest, Search, Action, and Share through Consideration, and combines them into a CAS model. This is a major feature of RedNote's consumer behavior path. At the same time, users who actively search will use RedNote's search function frequently, especially when the brand focuses on increasing marketing investment or there are major events such as new product launches, the search volume for the brand in RedNote will increase significantly. In a data-driven precise ecosystem, RedNote's recommendation algorithm can "plant grass" for users based on their interests and behavioral habits, based on the

characteristics of the product and their preferences, and then "break the circle" to develop and achieve a perfect closed loop. Similar to the value co-creation theory, it allows consumers to become participants, from passive to active, so that the user experience is fully satisfied and the user's product usage cycle is extended.

2.3 Community Atmosphere and Trust Mechanism

Relevant scholars mentioned that only by strengthening the supervision of content authenticity and services can the platform win the trust of consumers, improve their experience and retain the user group (Yang and Wang, 2024). RedNote uses a strict review mechanism and algorithm recommendation to ensure that the content is authentic and reliable, and users have a high degree of trust in the platform. RedNote's community atmosphere takes authenticity and high trust as its core competitiveness, relying on the UGC model to build a "filter-free" ecology sharing. Users recognize the authenticity of its content and form an efficient "search-planting-consumption" link. The platform strengthens vertical circle interaction through algorithm recommendation and interest tags, promotes the dissemination of niche culture and offline linkage, and users use it for an average of 55 minutes a day. The high activity comes from the mutual assistance scenarios driven by "altruistic" content. The strict review mechanism and the "account and store integration" policy balance commercialization and community tone and resist the risk of "filter controversy". This culture, based on real sharing and linked by circles, not only maintains user stickiness, but also explores an innovative path of "content and business symbiosis" for social e-commerce, becoming a model for industry differentiation.

2.4 International Layout

RedNote's international layout is promoted by the dual wheels of "community-driven + localized operation", focusing on the Southeast Asian, North American and Japanese and Korean markets, and replicating the "real sharing" community ecology. In view of the young population dividend in Southeast Asia, the overseas version "Uniik" launched local language and payment systems and launched special content such as religious wear and local store exploration. The number of users will exceed 5 million in 2023; in Europe and the United States, it

uses the international student community as a fulcrum to attract users through cross-border shopping, study abroad guides and other content and promote domestic brands to go overseas. The platform adopts a dual-track content strategy of "global vertical category + local culture", retaining general topics such as beauty and fashion, while supporting local creators to produce regional special content (such as Japanese kimono culture and French niche perfume), Overseas UGC accounts for 35%. The technical side relies on AI translation and cross-regional tag systems to promote the circulation of multilingual content. However, internationalization faces challenges such as strong competition from Instagram and TikTok, low user interaction rates in Europe and the United States, high data privacy compliance costs, and delayed response from localization teams. In the future, it is necessary to deepen cross-cultural content co-creation, strengthen cooperation with local e-commerce and logistics, and explore the "social + cross-border service" model in order to establish differentiated advantages in the global market. Although the current layout is in its early stages, relying on its highly sticky community genes and flexible operating strategies, RedNote is gradually building a global social e-commerce ecosystem.

2.5 Brand Cooperation and Marketing Strategy

RedNote has launched customized marketing plans through in-depth cooperation with brands. On June 23, 2020, RedNote's brand cooperation released the first high-quality notes red list, which means that RedNote pays more and more attention to the development of brand cooperation and begins to encourage users to produce and disseminate high-quality brand cooperation notes. By improving the quality of brand cooperation notes, it can achieve marketing conversion of high-quality content.

The KOL marketing strategy integrates the KOL advantages of the platform, with the middle-level influencers as the main and tail-level influencers as the auxiliary. The middle-level influencers act as opinion leaders to release topics, and the tail-level influencers assist in spreading, attracting various influencers to form a unique UGC atmosphere; at the same time, fan interaction activities are launched to generate viral fission with the help of fan power. And as the consumer decision-making path evolves, the new consumption closed loop (purchase-experience-recognition-binding) replaces the old system, and users educate consumers on categories through KOLs, It can effectively promote user purchases and

achieve the maximum reach of RedNote users at a low cost, which will be beneficial for brands, merchants or institutions to launch and operate RedNote, thereby maximizing profits. RedNote's "community + e-commerce" social e-commerce model has gradually become a popular operation model, and the SIPS model provides a framework for its marketing strategy to achieve the growth and development of UGC (Wu,2024).

3 PORTER'S FIVE FORCES ANALYSIS OF REDNOTE

3.1 Bargaining Power of Suppliers (Medium to High)

RedNote's UGC (user-generated content) relies on a large number of creators (bloggers, KOLs, and ordinary users). Although creators rely on platform traffic, top bloggers may turn to competing products such as Douyin and Bilibili due to changes in platform rules or profit-sharing issues, so their bargaining power is medium to high. Brand merchants and advertisers are the core sources of income. Advertisers are sensitive to the platform's traffic accuracy and conversion rate. If RedNote's advertising effect is not as good as Douyin or WeChat, advertisers may transfer their budgets, so their bargaining power is relatively high. For technology and service providers, cloud services (such as Alibaba Cloud and Tencent Cloud) and payment channels (WeChat and Alipay) are highly concentrated, but there are many alternative options, and their bargaining power is medium.

3.2 Buyer Bargaining Power (High)

On the user side, users (especially young women) are sensitive to content quality and community atmosphere, and the conversion cost is low (they can turn to Douyin and Weibo for seeding). If too much commercial content damages the experience, the risk of user loss is high.

On the advertiser side, advertisers pursue ROI. If the platform traffic cost is higher than that of competing products or the conversion rate decreases, the budget may be transferred to other channels. For e-commerce consumers, the user price comparison cost is low. RedNote's self-operated e-commerce needs to compete with Taobao, JD.com, etc., and price and logistics experience are the key (Lin and Shen, 2023).

3.3 Threat from Potential Competitors (Medium)

The “social content + e-commerce model” requires the accumulation of users, content and supply chain capabilities at the same time, and has high barriers. However, segmented platforms may appear in vertical fields (such as beauty and maternal and child care). Faced with cross-border competition from giants, Douyin (interest e-commerce), WeChat (mini programs + private domains), Kuaishou, etc. have entered the grass-growing track through traffic advantages, posing a greater threat. In the internationalization challenge, RedNote may face competition from Instagram and TikTok in the expansion of markets such as Southeast Asia. In the face of threats, the community barriers of “real grass-growing” should be consolidated and the international layout should be accelerated.

3.4 Threat of Substitutes (High)

Traditional e-commerce platforms, such as Taobao’s “Guangguang” and JD.com’s “Zhongcao Show”, directly divert users by imitating the functions of RedNote, while short video seeding on social media, such as Douyin and Weibo, is more likely to reach the general public and replace some content consumption scenarios. Consumers may return to offline stores for trial or make decisions through recommendations from friends, weakening the value of online seeding. Therefore, the threat of substitutes for RedNote is high. In the face of this situation, it is necessary to strengthen the “content-transaction” closed loop (such as live e-commerce and private brands) to enhance its irreplaceability.

3.5 Competition Intensity of Existing Competitors (High)

Douyin has more traffic and stronger algorithm recommendations, but its content is more entertainment-oriented, while Weibo has general information attributes and lacks depth in seeding content. The focus of competition, user time, advertising budget, and competition for high-quality creators are all key to competition. RedNote’s “real sharing” mentality and the proportion of female users (over 70%) are core barriers, and consolidating differentiation is the key to improving competitiveness.

4 STRATEGIC RECOMMENDATIONS

The strategic planning of the RedNote platform revolves around four core dimensions. First, build a content moat, strengthen platform supervision by strictly controlling false marketing behaviors, and carry out mental health and moral quality propaganda, continue to strengthen the core value of the platform’s “real user experience”, enhance user communication and establish a trusting community environment (Chen, 2024). Secondly, promote the technology empowerment system, improve the accuracy of advertising based on user behavior data analysis, and simultaneously optimize the creator’s commercial monetization tool matrix; at the same time, efforts are made to strengthen the closed-loop business ecosystem, and by improving its own supply chain system and logistics service system, the traffic loss caused by users jumping to external links can be effectively reduced. In addition, a global layout strategy is implemented to regionally replicate the domestically proven mature operating model to the emerging markets in Southeast Asia, and a differentiated competition strategy is adopted to avoid direct confrontation with leading platforms such as TikTok. The core challenge of RedNote is how to maintain the “small and beautiful” community tone while accelerating commercialization. Its future competitiveness depends on whether it can find the best balance between “content authenticity” and “commercial efficiency.”

5 CONCLUSION

This paper starts from the ecological model and explores the competitiveness of RedNote. Through literature analysis and data analysis, it is concluded that the core competitiveness of RedNote is mainly reflected in its unique “content + social + e-commerce” ecological model. Through the differentiation analysis of RedNote and Porter’s five forces analysis, it reflects its uniqueness over its competitors, and further explains the manifestation of RedNote’s ecological model in its competitiveness. RedNote’s core competitiveness lies in building trust through real content and forming a closed-loop ecosystem of “discovery-decision-purchase”. The key to its success lies in the seamless connection of social relationships, content value and commercial realization, while maintaining the community tone through refined operations. In the future, it needs to

continue to make breakthroughs in e-commerce infrastructure, content innovation and global layout to cope with the challenges of other competing products.

REFERENCES

- Chen, Q., 2024. Exploring the impact of RedNote on the psychology of young white-collar employees in China. *SHS Web of Conferences* 199.
- He, X., 2024. New trends in digital marketing: Analysis of personalized brand communication and user interaction effect—Taking Xiaohongshu platform as an example. *SHS Web of Conferences* 200.
- Lin, B., Shen, B., 2023. Study of consumers' purchase intentions on community e-commerce platform with the SOR model: A case study of China's "Xiaohongshu" app. *Behavioral Sciences* 13(2), 103.
- Li, S., 2024. Exploring the mobility of the new media platform Little Red Book. *Communication, Society and Media* 7(1).
- Liu, J., 2024. Research on trending algorithms of digital platforms: A case study of Little Red Book and Instagram. *Media and Communication Research* 5(4).
- Liu, M. et al., 2024. Optimization and innovation of the operation model of mobile social e-commerce under AI empowerment: Taking the female community platform "Little Red Book" as an example. *Proceedings of Business and Economic Studies* 7(4), 269-274.
- Liu, Y., Wang, C., 2024. Research on the value co-creation realization mechanism of RedNote's "grass planting marketing". *Audiovisual World* (4), 73-77.
- Wang, J., 2022. The impact of social media UGC on users' purchasing behavior. *Chinese Collective Economy* (5), 59-60.
- Wu, O., 2024. Xiaohongshu interactive marketing strategy: Research on its SIPS interaction model from the perspective of UGC community. *International Journal of Mathematics and Systems Science* 7(6).
- Zhu, X., 2023. Research on the marketing strategy of cross-border e-commerce platforms based on UGC model: Taking Xiaohongshu as an example. *China Business Review* (1), 36-38.