Analysis of Pinduoduo's Social E-Commerce Model-Balancing Brand Building and Consumer Trust

Youran Song[a]
School of Management, Wuhan Textile University,
No.1 Sunshine Avenue, Jiangxia District, Wuhan, Hubei Province, China

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Abstract: In recent years, the rise of social media and mobile internet has given birth to social e-commerce. Pinduoduo is the typical enterprise of social e-commerce in China and has drawn a lot of interest because of the special "group buying" model and social viral strategy of this kind of enterprise. Pinduoduo as the research object of this essay is the one in which Pinduodu aims to examine the method of determining which way to strike a balance between the building of the brand and the level of consumer trust in the process of increasing the global market in order to attain sustainable development. Using a variety of case studies, literature reviews, and data statistics, the paper systematically reviews Pinduoduo's social e-commerce operation mechanism, which includes the brand positioning strategy and user trust development methods. The study concluded that by successfully enhancing consumer pleasure and brand knowledge via regional operations, optimizing user experience, and establishing trust systems, Pinduoduo entered the foreign market to increase consumer pleasure. Furthermore, by utilizing the UGC and social media content marketing of Pinduoduo to foster a sense of connection with customers, the company has been actively utilizing these technologies to its brand communication.

1 INTRODUCTION

The social e-commerce industry was one of the main factors in the e-commerce business and it was quickly developing in the world in recent years, and it has also grown in importance in the area thanks to the characteristics of cheap cost, high efficiency, decentralization and other aspects of the mobile Internet and social media industry that are currently driving the world to grow quickly and with more than 5.5 billion users in the world, it has shown enormous growth potential in terms of statistics from the year 2024 that the global market of social e-commerce has exceeded$1.2 trillion, with more than 5.51 billion people in total.(Figure 1)is the example of the social e-commerce that Pinduoduo was able to achieve great success in the domestic market thanks to the brand of its distinctive social marketing strategy and "group buying" model. Its gross product (GMV) in2024 exceeded US$1 billion in sales annually and had to deal with problems in the global market (Wang, 2021). How to achieve a balance between consumer trust and the building of brands has grown in order to accomplish sustainable development in the international market.

As a representative of social e-commerce, Pinduoduo has achieved great success in the domestic market with its unique "group buying" model and social viral strategy. However, in the process of globalization, how to shape a unique brand image in the fierce international competition and win consumers' trust through high-quality products and services has become the core challenge it faces. While absorbing the development experience of other platforms, Pinduoduo also needs to recognize that the key to its sustainable development lies in how to balance cultural differences and market characteristics in the international market by optimizing product quality, platform rules and user experience to win consumer trust. The analysis and research in this article will help Pinduoduo achieve sustainable development in the global market and provide new ideas for social e-commerce enterprises to build brand value in the process of globalization.

[a] https://orcid.org/0009-0008-4602-7774

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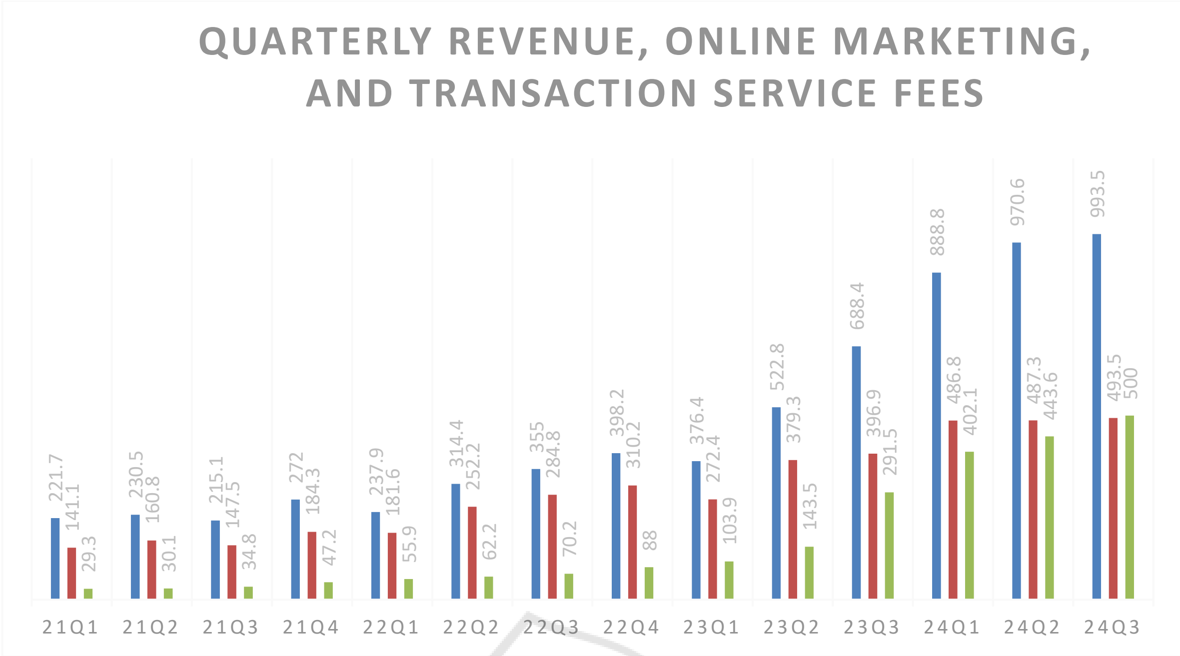


Data source: Annual Reports PDD Holdings

Figure 1: Pinduoduo’s revenue from transaction services and online marketing services in the last nine quarters.

2 THEORY AND PRACTICE OF THE SOCIAL E-COMMER MODEL

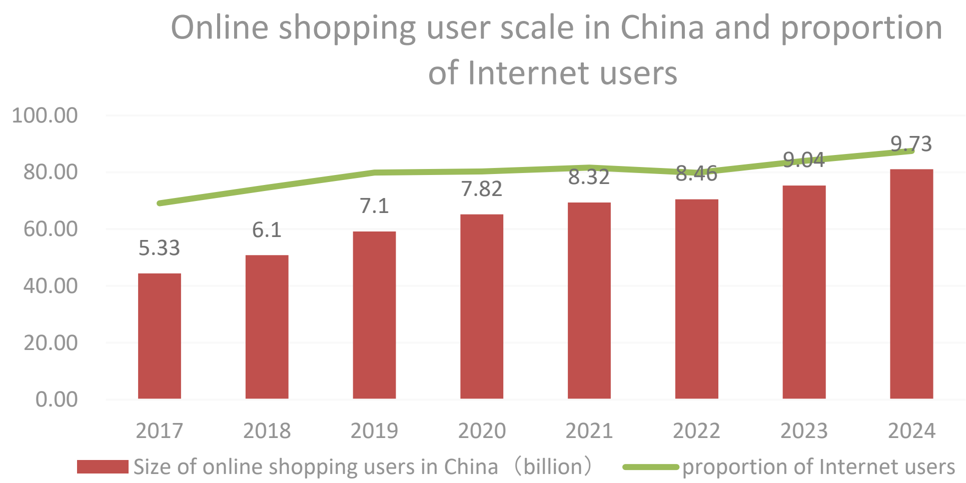
2.1 Definition and Characteristics of Social E-Commerce

Social e-commerce is an emerging e-commerce model that relies mainly on social networks to drive its operation. This model interacts with users through social platforms, closely integrating social relationships with business transactions. It has three main characteristics: social network-driven, user-generated content (UGC), and viral spread (Xiang, 2016). The development of social e-commerce relies on the user relationship network of social platforms, which means the user growth and product dissemination can be achieved through friend recommendations or social sharing. As shown in Figure 2, the number of users of social e-commerce in China reached 1.2 billion in 2023, up 20 percent year-on-year, demonstrating the strong momentum of social e-commerce in terms of user growth.

The quick distribution of material is one of the main reasons why social e-commerce is different from that of traditional e-commerce. The network is used by the social media platform to spread product information at an exponential rate and draw in more possible users (Wang, 2021). Social e-commerce has improved user stickiness and brand identity in addition to being a feature of community-based operation and individualized suggestions. This approach has changed the way that people are shopping, but it also changed how people and brands, as well as how consumers and platforms are integrated, has helped to inject new energy into the e-commerce business.

2.2 Pinduoduo's Social E-Commerce Model

Pinduoduo's social e-commerce model combines social networks with e-commerce platforms to build a shopping ecosystem based on users' social relationships, with the "group buying" model, social viral growth and price advantage at its core. Users can purchase goods at lower prices by initiating group buying or participating in others' group buying and attract a large number of users to participate by spreading product information in WeChat Moments and WeChat groups, transforming shopping behavior into social interaction to achieve explosive growth of users (Li et al., 2020).



Data Source: https://www.199it.com/archives/1718242.html

Figure 2: The percentage of Chinese Internet user base and the percentage of Internet users who were purchased online by the years.

Pinduoduo's social e-commerce model uses group buying, social viral growth, and price advantages to create an affordable and efficient shopping platform, which is how it combines social interactions with company transactions (Wang and Wang, 2019). This model changed user purchasing behavior in the same way that it also offered fresh perspectives for the growth of social e-commerce, which has become one of the key advice in the domestic e-commerce industry (Weng et al., 2023).

2.3 Characteristics and Challenges of the Globalized Market

A diversely complicated commercial environment makes the international market a heterogeneous and complicated one. Customers are grouped into several national and regional groupings with a particular cultural background as well as a variety of consumption activities and morals. Asian markets normally support worth for money and usefulness, whereas the Western marketplaces mostly place more strong emphasis on brand and customization than the rest of the take (Wang and Ni, 2014) these cultural differences immediately affect the way Social Eco E Markets advertise themselves and how organizations run.

Social networking giants and e-commerce sites have developed in different areas, creating their own distinctive, fierce competitive environment. Finding a way to operate in a global market that is appropriate for the needs of local customers is a huge difficulty for the social e-commerce model. Pinduoduo needs to think about how to balance the "group buying" model with the purchasing habits of local consumers when entering the global market. Social e-commerce platforms must create distinctive operating plans based on consumer behavior and social platform tastes in various places. An important problem that the social e-commerce paradigm must solve is how to balance price advantage with brand building in the global market (Li et al., 2024).

3 CONSTRUCTION & THREATS OF BRAND BUIDING AND CONSUMER TRUST

The core components of brand building are brand positioning, brand image, brand value and brand loyalty. How to clearly describe the brand's position in the market and target audience and illustrate the main features of the brand through differentiation methods needs defining the brand positioning. Brand image is the whole perception and impression that people have of a brand, including visual symbols, brand story and emotional connections. Brand value is the actual benefit and emotional value that can be given to consumers. Brand loyalty is the long-term help and trust that consumers have in a brand (Wei, 2024). Only by strictly controlling these core features will enterprises create a high brand effects and balance brand building and customer trust.

3.1 Building and Challenges of Consumer Trust

The building mechanism of consumer trust is a complex and multilevel process involving consumers' full recognition of the brand, product, platform and overall service. The quality of products and services is the foundation of consumer trust. Only products that truly meet the needs and have reliable quality can win the initial trust of consumers (Greiner and Wang, 2010). After the goods and services are up to standard, consumers tend to select brands with a very long history. A good reputation and keep their promises. In the process of choosing products on the platform, users can quickly learn about the actual experience of the goods and services with the help of actual user input, thereby influencing their purchasing decisions. Finally, trust in the platform should not be neglected. A secure transparent and effective platform can give customers good shopping experience and further strengthen their trust. Under the combined effect of these elements, consumer trust is gradually established and continuously deepened, ultimately forming a long-term reliance and support for the brand and the platform.

User reviews indicate that Pinduoduo was able to recruit a lot of customers. Especially those from lower-tier markets, through social viral and group-buying models. Its "social + e-commerce" model has to some extent enhanced users' trust, and its relatively affordable product prices have also attracted price-sensitive consumers, earning it a broad user base. However, Pinduoduo has some shortcomings in terms of consumer trust. Some users have doubts about the quality and authenticity of the products on the platform. Despite Pinduoduo's after-sales guarantee policies such as "five times compensation for fake products", some consumers have reported that the products do not match the descriptions, and some low-priced products have quality problems. Therefore, the enforcement and transparency of the platform rules need to be improved. Some users believe that Pinduoduo's low efficiency in handling after-sales disputes affects the consumer experience, which to some extent limits the enhancement of brand value.

3.2 The Interaction Between Brand and Trust

Brand building is the foundation for the formation of consumer trust. Through a clear brand positioning, a distinct brand image and unique product value, a brand can convey a clear value proposition to consumers, thereby establishing an initial sense of trust. When consumers have trust in the brand, they are more willing to continue purchasing the brand's products and attract more potential consumers through word-of-mouth promotion, thereby improving the market impact and brand value (Sahin et al., 2011). When a brand has enough consumer trust, it can also enhance the brand's resilience, and even in a highly competitive market environment, consumers are more likely to choose the brand they trust. Brands earn trust through high-quality products and services, and trust further boosts brand value and ultimately achieves brand sustainability.

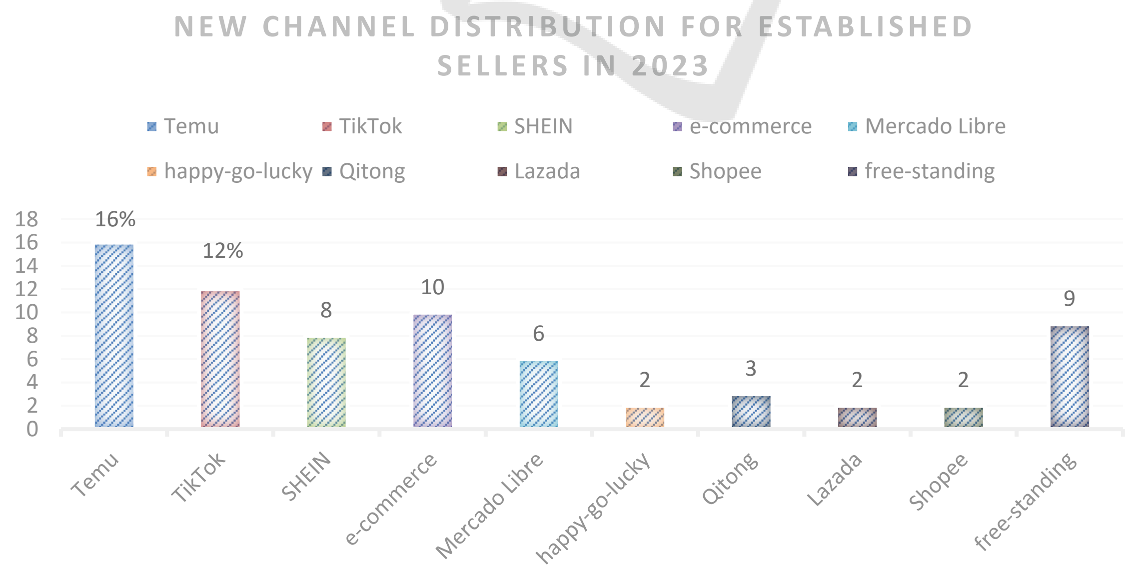
4 STRATEGIES THAT BALANCE BRAND BUILDING CONSUMER TRUST

The enhancement of brand value and the building of consumer trust are mutually reinforcing and complementary. The enhancement of brand value is an important foundation for consumer trust. A company with a strong brand value can usually build consumers' perception and favorability towards its brand through a clear brand positioning, a consistent brand image and quality products and services. The Apple brand has established a deep emotional connection with consumers by conveying the core concept of "innovation and ultimate experience". Not only does it give consumers confidence in the quality of Apple products, but it also gains strong recognition of its brand culture and helps the company win long-term support from consumers(Sohaib et al, 2022).Building consumer trust requires enterprises to fulfill their brand promises through practical actions including providing high-quality products, transparent communication mechanisms, efficient after-sales service and responsible social behavior, while the synergy mechanism between brand building and consumer trust requires enterprises to maintain consistency in brand communication and user experience, whether online or offline. The core values and commitments of the brand should avoid a crisis of consumer trust caused by inconsistent information.

4.1 Case Study and Statistical Research on Pinduoduo's Globalization Strategy

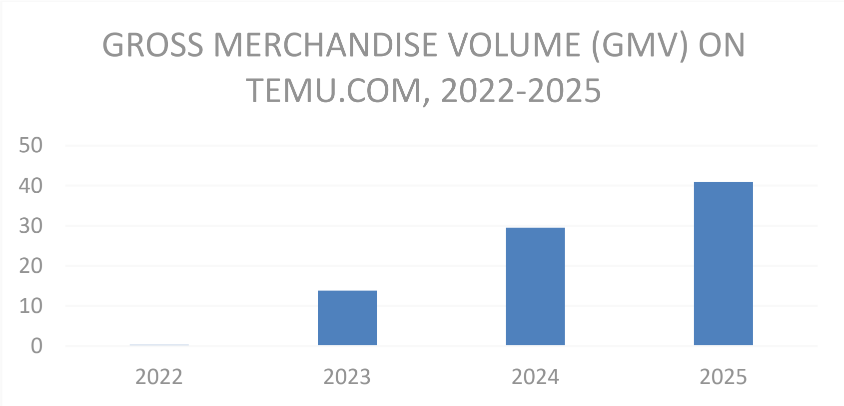
The goal of Pinduoduo optimization in the global strategy of the company must center on the cooperative mechanism of brand development and the level of trust among customers. Through the regional operation of the enterprise to improve the competitiveness of the market, which will eventually build the competitiveness of the global market, it will gradually build the competitiveness of market competition, which will ultimately improve the level of competitiveness in the market. When Pinduoduo entered the global marketing business, it can cooperate with the e-commerce platform of the local people to introduce product categories favored by the domestic consumer, and then put the logistics system to pay and pay, so that the customer ’ s attention to the market is gradually improved, which will help Pinduoduo to ensure the smoothness of the user’ s experience, so as to promote the product category of Pinduoduo in the local market to better integrate with the domestic culture, so that Pinduodou can enhance the level of competitiveness of the market. Which in turn can promote the development and attractiveness of the local people’ s market, and then the marketing of Pinduoduo should have the focal of the promotion of customer trust, which has been achieved after the market has successfully entered the global market, so that the customer can find the product needs effectively and achieve the order of goods, which in the process of improving the customer’s confidence, so the product is more transparent to the market, which means the customers can find product needs and complete the purchase of product information in the global market with the help of information and communication, because the market is more devoted to customers, consumers are more satisfied with the purchase of these products. which will increase the amount of sand used by customers to promote them and increase their level of satisfaction with the company.

The Pinduoduo was growing more and more global in the world than it was in the Southeast Asian market (Figure 3). As seen in Figure 3, the Pinduodou was able to expand its international market by implementing regional management and system optimization, which had a greater than 100% increase in the number of foreign business revenues in the latter part of the twenty-three-year period in Southeast Asia. In order to market the country and the Philippines in recent years, Pinduoduo began product kinds that meet the needs of local consumers by collaborating with local e-commerce platforms to promote both Indonesia and the Philippines. In order to guarantee the user experience is seamless as a result of Pinduoduo concentrating on payment and logistics systems in order to build local consumers' emotional connections via social media, locally produced content marketing to increase brand awareness and favorability, and blockchain-based trust mechanisms to assure product quality (Sohaib et al., 2020; Pinduoduo et al, 2018). Following the "authenticity guarantee" (Gross Merchandise, 2020; GMV) (Figure 3). According to financial report data, the amount of Pinduoduo that owns the foreign user base exceeded 15 million dollars by the year (Figure 4). According to Figure 4, there was more than 120%increase in the GMV of Pinduoduo's foreign e-commerce platform (TEMU)than there was a 120%annual increase in the trust mechanism optimization plan and the efficiency of the localization operation.



Data source: Guosheng Securities Research Institute

Figure 3: Mature branded sellers share news pin international market in 20162.

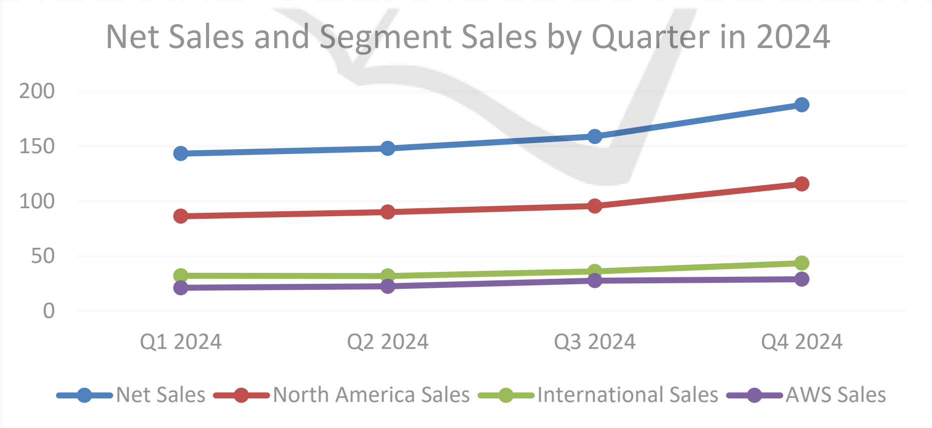


Data source: https://ecdb.com/blog/temu-revenue/4995

Figure 4: The Pinduoduo Overseas total GMV and the forecast for 2025.

4.2 Amazon's Global Expansion: User Experience and Brand Value Shaping

The third quarter in the world (20153) was valued at 143.11 percent; Amazon ranked third in the country (158.9 percent) at $ 158.9 billion in 2018; this figure was higher than US$143.1 billion, as shown by the company's third quarter of 2018–20 revenue reports, which were estimated to increase by 11%. Amazon has been creating Amazon Prime to improve its local and local logistics network in Europe by allocating services and offering free, quick delivery and exclusive deals, and to include additional products that meet the needs of consumers by collaborating with local businesses. It also increases the platform's attractiveness (Amiri and Vida, 2013; Amiri et al., 2023) Amazon uses quality service and continuous technological innovation to communicate the "efficient, convenient, and reliable" brand notion with regard to increasing brand value. Figure 5 shows that Amazon's market share in Europe was more than forty percent and that its Prime membership was larger than 150 million, which supports the use of brand value creation strategies and user experience enhancement.



Data source: https://ir.aboutamazon.com/annual-reports-proxies-and-shareholder-letters/default.aspx

Figure 5: Amazon's online sales revenue and market share in 2024.

Through extensive studies, these enterprises were able to build several targeted plans, which were then merged with each of the company's own strengths, a coordinated local business, increased user experience, optimized trust mechanisms, created a brand value; and ultimately increased market competitiveness as a result of the Pinduoduo and Amazon case study, which also revealed that these companies have developed a number of targeted plans through in-depth research of the wants of their target markets, combined with their own strengths; optimized user experience and optimized trust mechanisms; finally attained user growth and increased market competitiveness. These statistics fully verify the efficacy of the globalization strategy. These empirical studies also demonstrate that brand building and customer trust are important ways for the company to achieve sustainable development, as they provide a useful tool for other enterprises' perfection of globalization and the development of a consumer relationship.

5 CONCLUSION

To do a thorough study of the ways Pinduoduo manages brand development and customer confidence in relation to globalization, this paper uses both case research and theoretical research together. Pinduoduo has been able to achieve success in the following areas of social e-commerce group purchasing; and social virus development; it can also be done through localized operation; user experience optimization; and the building of trust mechanisms; in Southeast Asia and elsewhere, Pinduoduo has been able to increase brand effect on customers and trust by using tactics such as improving the payment logistics system; putting sincere product guarantee rules and enhancing content marketing to the point that there is much of a global increase in the number of users, GMV is given path guidance, theoretical support for the development of social e-commerce enterprises worldwide, and the introduction of real product guarantee policies are all made possible by this study.

This report focuses more on how social e-commerce model innovation works, which makes sense for more in-depth research. As social media is becoming more and more popular all the way to socialize brands and customers, it will be a hot topic for businesses to go global because of how to build strong relationships with one another and increase the conversion rate. Localized content marketing and cross-cultural communication tactics are also a hot issue for business to try, therefore in order to get a precise fit between brand value and customer needs, how to optimize the route of brand internationalization through data-driven market segmentation, and so on, there will be more problems to be looked for. In the context of globalization, more study may be done with the use of technology-driven innovation models, the trust mechanism development, and user experience optimization to further the theoretical foundation of the organization in order to realize the coordinated growth of brand development and consumer trust in the global market.

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