

The New Marketing thinking of Internet Commerce: "VELD"

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Abstract

The arrival of the Internet era has caused a deep social transformation, which has changed all aspects of our lives. And some scholars have put forward more and more new marketing thinking. The "VELD" thinking, which includes viral marketing; enjoying together; "L" curve and Disintermediation, combines a large number of marketing cases with the background of Internet business ecology. Therefore, this paper is devoted to enriching the theories of marketing thinking through the study of practical cases.

Keywords

Internet, Marketing New thinking, VELD.

1. Introduction

After reading lots of marketing cases and other scholars' works which is about Internet commerce, the new marketing thinking "VELD" has been put forward. For the English word VELD, the letter "V" stands for viral marketing, the letter "E" for enjoying together, the letter "L" for value transfer, and the letter "D" for disintermediation. Veld means "grassland" which is boundless, and just Like the Internet. If you think of the Internet commerce as a steppe ecosystem, you can relate to evolution. Natural selection is the survival of the fittest. In the Internet commerce environment, only the enterprises which have a strong "gene" can survive and develop.

Good wine also needs marketing. In the Internet age, the enterprise must master the correct promotion method, only then can be remembered by the consumer. To make the paper more convincing and interesting, the following text mainly starts from viral marketing, and then introduces the enjoying together, the "L" curve and some cases of disintermediation.

2. The New Marketing thinking

2.1 V——viral marketing

Viral marketing is a marketing way to propaganda brand with the help of the rapid dissemination of Internet Information. And it allows information to spread quickly from one person to hundreds of people in a short time, just like a virus spreading.

To make a breakthrough in viral marketing, the first thing is understanding people's instinctive response. "Why do people share?" There is a scientific basis for the sharing behavior, and it is not accidental or random. If we can grasp the basic science of human behavior or psychological mechanism, we can predict what people will share in what circumstances. Based on this, the enterprise can design content that can cause viral transmission, such as information, products, ideas and so on. Jonah Berger, the American viral marketing scientist, took several years on the internal mechanism of viral marketing, and put forward six key driving force points of viral marketing. The first is social, people are always willing to share something that looks good; the second is trigger, good things are often interesting to talk about; the third is emotion, people always love to share; the fourth is the public, going with the flow is also a typical characteristic of mankind; the fifthly is practical value, these events can be used as material for journalists; and finally, the sixth is story., it can be used to transmit information. The Ice Bucket Challenge is a classic viral marketing case.

The "Ice Bucket Challenge," known as the "ALS Ice Bucket Challenge," requires participants to post videos of themselves being watered with ice on the Internet, and the participant can then ask three other friends to participate in the event. The invitees either accept the challenge within 24 hours or choose to donate \$100 to fight "ALS". The campaign is designed to let more people know about the rare diseases known as people who are frozen. It also serves the purpose of raising money to help with the treatment. There is no doubt that as a completely zero-cost event, in a very short period of time, the activities of the international community have aroused global concern, and made all sides of the world of heroism into a dead chicken, playing from abroad to home, from field of sports to arts, from arts to science, and from science to academia, which Fully reflects the viral marketing's explosion and influence.

2.2 E——enjoying together

The model of enjoying together is also called sharing model. The products traded in the sharing model are completely different from the traditional model. The products of the traditional model are produced based on the needs of the consumer. For example, restaurant operators need to build shops and hire professional cooks, service people, etc. The products traded in the sharing model are realistic, underutilized, and idle resources.

In real life, there are a lot of temporary idle resources: the temporary idle parking spaces and houses when the owners are traveling outside, the temporary idle backseats when people are driving to work, the hours of leisure after work, and the period of "waiting for employment" after resignation, and so on. By moving our vision to enterprises, hospitals, schools, and other professional fields, we can also find more idle people, money, goods, time and labor resources if we observe carefully. The sharing economy can effectively activate these idle resources, and inject vigor for economic development.

Sellers of idle resources are mostly non-professional. However, non-professional management is not inferior to professional management. On the Airbnb platform, the landlords are not professional operators, but they have not fallen behind of those professional operators. DiDi, the taxi hailing platform, has developed a large number of office workers to drive at night. These amateur drivers are no less competitive than the taxi market. DogvaCay is the largest pet foster platform in North America. These registered pet foster families are often not pet keeping professionals, but have successfully snatched up the foster care business of many professional pet shops. Because they not only has the advantage of price, but also bring a better experience for pets. The characteristics of shared economy are that everyone can participate and everyone can benefit, which is conducive to promoting social equity and justice. Premier Li Keqiang has said that the sharing economy is not only adding, but also multiplying, which can effectively reduce the requirements of innovation and entrepreneurship, make full use of idle resources, form new growth points, and inject strong impetus into the economy. In the field of sharing economy, people are used to many things were regarded as unthinkable a few years ago. Many of the businesses offered by sharing platforms allow each of us to participate, allowing idle resources to be replenished. On the one hand, we are consumers, on the other hand, we may be sellers on the sharing platform. We can rent out our cars, parking spaces and houses to others for a short period of time. This kind of form blurs the boundary between consumers and operators and makes consumers become "producers and marketers". All in all, the sharing model brings not only changes in the economic field, but also changes in ideology, social ethos and values. It's the evolution of society as a whole.

2.3 L——“L”curve

Shi Zhenrong's smile curve (Fig. 1) shows the value distribution in the industrial chain. The value of traditional industrial chain is concentrated in R & D design and brand promotion. However, in the Internet age, occurs the phenomenon that the bands are defined by consumers, which makes the smile curve gradually evolves into "L" shape curve (Fig. 2). And I call it “L”curve.

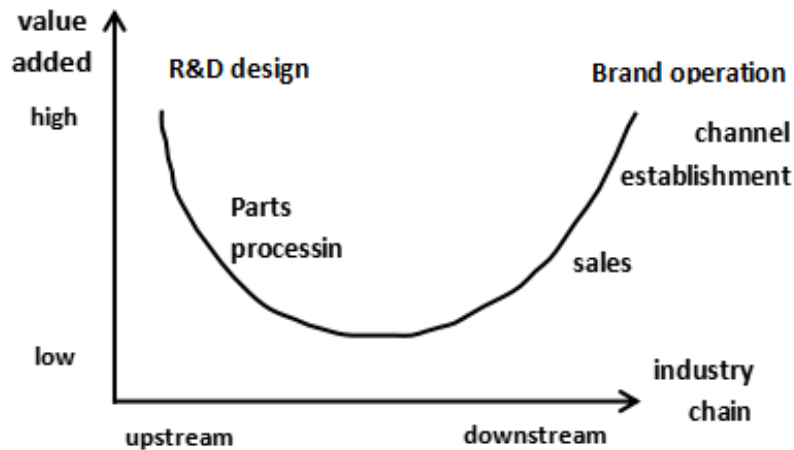


Figure 1: smile curve

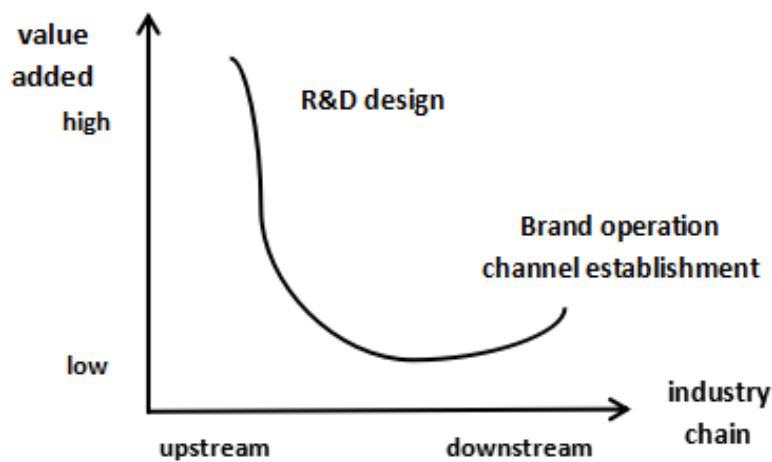


Figure 2: "L" curve

To observe the curve, it is not difficult to find that the value in the value chain has been transferred and the value of brand operation and channel have declined. The reason lies in the development and popularization of Internet of things and other technologies.

In 2013, Nokia, one of the world's biggest mobile phone companies and one of the most publicly traded companies in the world, sold its core mobile phone business at a floor price of \$7.2 billion, even a fraction of the hundreds of billions of market value in its heyday. From selling the company's headquarters building at the end of 2012 to selling its core business at a "cabbage price" in 2013, companies that have been brilliant for more than a decade or so have gone down in just three or two years. The case of Nokia sends three messages. Firstly, The brand is not the all-powerful trump card, the consumer cannot pay forever by the brand strength alone. Nokia's brand is quite resounding, the brand value used to be among the highest in the world, and many consumers still remember it today. Although it fell out of the world's top 10 in 2011, it still ranks 14th. Even above BMW and Louis Vuitton. But brand value has not stopped Nokia's rapid decline in market share. Secondly, nowadays, consumers' demand is more diversified, and quality is not the only standard for consumers to choose products. To be honest, Nokia's stability and durability are still well known, and the repair rate is still lower than its competitors. But Nokia still filled to keep its market share. This means that the electronic products such as mobile phones, which are very fashionable, can not keep the market share by the quality of the products alone. Thirdly, innovation must be accompanied by risks, but without innovation, enterprises can only be a dead end. Apple's CEO Tim Cook said of Nokia, "No innovation leads to extinction. Nokia is a case of non-innovation. Even though it was once an important player in global market. That could be the alarm that Nokia sounded for all companies. "

Brand is important to a company, but if it is not supported by competitive products, the brand will be weak, and it's impossible to make consumers honest. Therefore, R & D innovation is always the core value of enterprise development.

2.4 D——Disintermediation

Why the online platform, such as domestic service, marriage introduction, can grab the market from traditional intermediaries? In the Internet ecology, what is the basis for disintermediation? For a specific industry, do these theoretical advantages of the Internet really exist? Learning with questions is the only way to gain more. Compared with the traditional market, the Internet has incredible resource advantages. By fragmenting transactions and simplifying the intermediate links, transaction costs can be greatly reduced. Moreover, online platforms can maximize idle resources and create value, such as the success of Airbnb House Short-Rent platform.

In 2008, two students graduated from Rhode Island School of Design recently, along with an engineer who worked at Microsoft, set up the Airbnb House Short-Rent platform. On Airbnb's website, everyone can rent bedrooms or entire homes temporarily. Airbnb has grown into a global residential brand since its launch. In 2014, it provided 600000 homes to tenants in 34000 cities in 190 countries. Its income comes from the withdrawal from tenants and landlords after each successful lease deal. In April 2014, Airbnb received an investment worth \$450 million and the site valued at \$10 billion. Today, Airbnb is used by an average of 425000 people every night, and has become an example of successful entrepreneurship in the Internet.

However, for Airbnb, success is not easy. At the very beginning, almost all venture capitalists turned down Airbnb. People's distrust of the Airbnb's model has never stopped since it was launch. Even in America, where relationships are simple, it's hard for most people to imagine staying at a stranger's home. Of course, no one wants to rent their house to strangers for a short period of time.

There have been a lot of negative reports in the US media about Airbnb: a landlord is sued by his neighbor because of Airbnb, a tenant has been buffeted by a bad gay, a criminal case occurred at the home of a Airbnb landlord, and so on. But Airbnb is still growing fast. On the Airbnb platform, tenants and landlords are very positive and confident. The number of users continues to grow.

There are internal reasons for the success of this model: firstly, compared with traditional hotels, this model overcomes the obstacle of geographical distance and realizes close competition; secondly, there is huge advantage of disintermediation's own resources; thirdly, the model can match resources quickly, and match supply and demand quickly with the powerful communication ability of Facebook. fourthly, low cost brings the extremely strong price competitiveness. and last one, the unique experience. If you travel to a strange city, live in a local home, eat special breakfast made by the owner, and talks about local things with them. Look! What a unique experience that will be. And you will never experience it if you live in a hotel. Therefore, many tourists in Europe and the United States enjoy the experience offered by Airbnb.

3. Conclusion

In the field of sharing economy, people are used to many things were regarded as unthinkable a few years ago. The Internet ecology is formed under the condition that we are not aware of it. And the supreme rule of the game here is the survival of the fittest. In philosophy, there are concepts of connection and development. So just think about it: the Internet age is still in line with this philosophical concept. If compare a business to a species, a market competition to a natural selection, a new thought or model to a new gene, that is the same thing. If the enterprise knows the rules, then it can survive in this enterprise evolution. Nowadays, we all live in the same global village because of the Internet which can connect enterprises, consumers, and information together. And that make intermediaries lose their value. The information is highly transparent, the smile curve is no longer smiling, the competition is increasing, the fan economy is spreading, the viral marketing is popular and etc. All these changes has brought a great revolution that spread from the economic field to the social ideology field and make us to think deeply.

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