The Influence of social network models on e-commerce: a comparison between Wechat and Bilibili

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Abstract. E-commerce are popular these days. While different social media may adopt different social network models, it actually made rules for how people are interacted with one-another on these platforms, and influences how people receive different messages about products. And different ways marketers engage with customers on social platforms influence the e-commerce situation or value of trade on platforms. This essay aims to evaluate the influence of social network models on e-commerce by making a comparison between WeChat and Bilibili, which are two famous social media in China. This essay will first explain some social network frames, and then will examine the operating mechanism of WeChat and Bilibili and how they are related to value of trade on these platforms. It is shown clearly that different ecommerce social networks lead to different results in ecommerce income. Wechat focus on 1 to 1 social mode and building ecommerce on the relationship between merchants and customers while Bilibili focus on building communities which eventually leads to community economy. This research result may help platform builders and merchants to choose their own strategies in ecommerce.

1 Introduction

1.1 Research background and motivation

According to what Dr Edoardo Gallo mentioned in class, network means a set of entities connected by links, and social learning means you will learn from people you are connected to [1]. Also, the way people are connected to each other would affect how some games spread. What can be cited to this research is what professor said about friendship and obesity. Direction and mutuality of friendship matters in obesity. “If two people both say there are friends then obesity risk increases by 171%; If A says B is a friend but not the other way around, then risk of obesity for A increases by 57% but no change in B’s risk”[2]. This is highly connected to the comparison between different social apps and whether it’s mutual for people to follow each other and other ways on social media do influence e-commerce.

Social media has already become an important part of business-to-business (B2B) e-commerce. It provides a platform for B2B buyers and sellers to communicate, collaborate, and exchange information [3]. Another article also mentioned that “Social media allows people to freely interact with others and offers multiple ways for marketers to reach and engage with consumers” [4].

“Multiple ways”, as is mentioned above, do influence the e-commerce situation or value of trade on platforms. For instance, to compare two different popular social apps in China, WeChat and Bilibili, both are famous platforms for marketers to sell their products. This article will discuss social network marketing on WeChat and Bilibili respectively in the following chapter.

1.2 Literature review

For ecommerce and social network mode, there are already many articles focusing on this area. Some articles find social ecommerce spreading from China to USA declared that Shopping on social media platforms is a central feature of e-commerce in China. Now, this new way of buying is also growing rapidly in the US [4]. This is true. From the website Insider Intelligence, US ecommerce buyers remained growing from 45.8 to 101.1, from year 2017 to year 2023 as is shown in Figure 1 [5]. As is pointed out by some study in this area from China, the underlying social network structure of social ecommerce satisfies the small-world, scale-free characteristics of complex networks, while the degree of network grouping and network modularity in the social network structure has a strong positive correlation with user adoption behaviour [6]. Some research also used 4C theory to analyse the B2B ecommerce market which refers to Context, Community, Content and Communication [7].
Note: ages 14+; social network users who have made at least one purchase via any social channel (eg. Facebook Marketplace, Instagram Checkout, WeChat Mini Programs. Line Shopping, VK Market), including links and transactions on the platform itself, during the calendar year, including online, mobile, and tablet purchases.

1.3 Research Contents and Framework

The purpose of this paper is to assess the degree of impact enforced by social networking models on e-commerce by comparing WeChat and Bilibili, two prominent Chinese social media outlets. Using a comparative case study analysis, the paper will first explain what is meant by the social network framework and how it works, and then will examine the mechanisms by which WeChat and Bilibili operate, and how they relate to the value of trade on these platforms.

2 Social network marketing on WeChat

WeChat is the largest social network in China and is becoming more popular globally too. Businesses can use WeChat marketing to promote and advertise products or services to a target userbase. They can do this by running advertising campaigns on the app, promoting products and services on WeChat moments, and running mini-programs to drive conversions [8]. This article will introduce WeChat moments and mini-programs.

WeChat moments is a social media platform within WeChat that allows its users to share photos, messages and videos with their friends and keep updating with them. It is similar to Facebook’s news feed. Users can post updates and photos that are visible to their friends. Therefore, moments is a great way for businesses to promote their products or services by sharing updates and photos with their followers. Also, since people on WeChat have a mutual relationship instead of single direction following, the marketers can view their customers’ moments as well. If people accept other people as their “friend”, and if the consumers do not choose to block the marketers, the marketers may have a chance to glance at what the consumer has been interested about, and it’s easy for them to send messages to consumers or post some relevant advertisements on products about customer’s interests since almost all Chinese people need to check their WeChat everyday.

WeChat mini-programs can be regarded as sub-applications within WeChat ecosystem. These mini-programs enable businessmen to provide their users with virtual store tour, task management and other services. They are essentially small applications that function within WeChat which operate like a separate mobile app, except that they are hosted and function within another app without the need for separate installation. And it’s easy for business men to create their own mini-programs on WeChat as small shops to sell their products.

The process usually goes like this:
(a) The people saw some advertisements published on the WeChat moments with their friends or acquaintances all comment behind discussing the product;
(b) If the customer decided to purchase the goods, he or she may click the link or picture attached to the WeChat moment and would be transferred to a WeChat mini-program or another app Taobao, which is the Chinese version of Amazon to finish paying and fill out blank sheet with their address.
(c) And people usually pay by WeChat Pay or Alipay in China (in Figure 2).

Figure 2 The process (Picture credit: Original)

Therefore, the author would also introduce WeChat Pay in brief.
To make the transaction happen there is WeChat pay, which is a payment feature integrated into the WeChat app. It is a mobile payment solution that allows users to complete transactions quickly and easily using their smartphones. It has several features such as Quick Pay, QR Code Payment, In-App Web-based Payment, In-App Payment, Mini Program Payment, to fulfill different payment situations. Basically, people just store some money on their WeChat and confirm the payment. It is very convenient because you don’t need a card, and it is more secure because you don’t need to give out your security code and that would hinder online credit card skimming.

It should be noticed that social network played an important role in how the trade happens. Business men can tailor ads to customer preferences and increase the likelihood of people buying by allowing them to comment on the same ad. At the same time, the flow from interest generation to payment is very smooth within WeChat. All of this helps to develop online commerce by way of social networking.

What’s more, even social warmness can be a product on WeChat. Coca-Cola launched a WeChat campaign that allowed users to send virtual Coke bottles to their friends, which generated over 125,000 bottle sends in just one month; Starbucks launched a WeChat campaign that allowed users to send virtual gift cards to their friends, which generated over 62 million yuan in sales; And Durex launched a WeChat campaign that allowed users to send virtual “condom” packets to their friends, which generated over 10 million yuan in sales.

In terms of business data, Tencent's social network revenue in 2021 is $17.4 billion, according to Business of Apps. This item accounts for 19% of the company's total revenue [9]. In the first quarter of 2022, WeChat had 1.26 billion active users, 3.5 million mini-programs, and had a total transaction volume of RMB 2.7 trillion in the previous year [9].

In conclusion, social network e-commerce on WeChat was a huge success.

### 3 Social network marketing on Bilibili

Bilibili is a video-sharing platform that is based on user-generated content. The platform's content was mainly centered around comics, games, and anime in the early stages, but expanded to various sub-sectors such as life, music, and reading in the later stages. For this reason, Bilibili has been dubbed the Chinese version of Youtube. The platform has been around since 2010 but has risen dramatically in the past few years, nearly doubling its monthly active users, from only about 50 million in 2017, by June 2019 it had exceeded 100 million.

According to Analysis of the Marketing Strategy of Bilibili and the Reasons for Its Success, the study results indicate that Bilibili has a competitive advantage in China's young-generation consumer market through a product strategy of community-based management, a low-price simplicity pricing strategy, and a vertical marketing channel strategy [10]. The reasons for Bilibili's success are excellent marketing strategy, highly sticky user base, and community-based operation model. And community mode operation and sticky-user groups are highly connected with social networks. On Bilibili, the ups, which refers to people who uploads videos on this platform usually cannot see their followers daily sharing except that they follow each other.

So the original setting of WeChat is to follow each other while Bleeping is a one-way follow, but it can be changed afterwards. However, the original setting does represent the individuality of the different software business models. WeChat focus on person-to-person e-commerce, while Bilibili targets at groups. Since people following the same up is usually an expert in some fields like make-up or cooking, they would all be interested in some products related to this area. What’s more, the ups also show some videos about their daily life, and it makes followers feel more real and reliable. People tend to trust those ups and by the products they recommend. And there is usually a blue link, which is a blue product link at the top of the comments section below the Bilibili video. By clicking at these links people can transfer to another app, Taobao with coupons. And that is called fan benefits. People can purchase goods at a lower price through those ups, and that would also increase people's love and trust for ups and increase use of the software Bilibili for shopping.

According to the analysis on Bilibili Marketing Strategy, Bilibili has created a unique community atmosphere with pop-up and comment interactions, anime and manga culture, and participation in video creation [11]. Accordingly, Bilibili has gradually formed a highly viscous user group that is mainly composed of teenagers. It is vital to mention the bullet-screen interaction, which is some comments going through your screen while you are watching this video. If it’s a video selling products, there would be many comments praising this product and claiming that someone had bought it and its function was amazing. So under this circumstance, people would be more likely to shop on impulse.

Bilibili currently has revenues of $3.23 billion. In 2021, the company's total revenue was $3.00 billion, up from $1.75 billion in 2020 [12]. In 2022, Bilibili achieved total net revenue of approximately RMB 22 billion via four segments: mobile games, live streaming, advertising and e-commerce. As for e-commerce versus social networking, Bilibili's third-quarter revenue was RMB734 million, up 78% from the same period in 2020. E-commerce accounted for 14% of the company's revenue.

### 4 Conclusion

While WeChat and Bilibili use different methods to organize the social network system on their platforms, their aims are the same: to increase user stickiness and to encourage purchasing. This essay has illustrated different social network modes on these two platforms and how it affects trade, and have found that both trading methods built on different social network modes has its benefits and drawbacks, which may help platform
builders to update their business operating mode and help merchants to choose the specific platform they may wish to sell their products on.

What is a pity is that this paper cannot find very specific data on each module in ecommerce on Wechat and Bilibili, with which this research can be put forward into more detail analysis.

At the same time, in terms of the choice of research methods, due to the limited access to resources, this paper only selects some simple data on social platforms for theoretical and analysis, and does not combine text Big data for quantitative analysis. In the future, social data of users on social media can be obtained for in-depth analysis, so as to further enrich the research content of this paper.

References