

Research on Service Quality Enhancement of Community Group Buying Business Based on Information Era

-- Taking MEITUAN SELECTED as An Example

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Abstract: As a new retailing model that relies on the social relationship between the community and the head of the group to complete the circulation of fresh products, group buying takes cost-effective fresh products as the main sales channel, which to some extent approaches "the last 100 meters" of traditional e-commerce. Based on the development history and current situation of fresh food community group buying, this paper analyzes its marketing strategy and operation mode, identifies the problems of warehousing and distribution and supply management, and makes relevant suggestions for the service quality improvement of fresh food community group buying.

Keywords: Community group buying, Service quality, Marketing, Retail model.

1. Overview of Development Status

1.1. Development status of community group buying of fresh food

Community group buying, mainly refers to a certain number of consumers purchasing the same goods at a lower price by virtue of certain organizations that offer such services. Unlike online group buying, community form requires the establishment of a service department in the community or other designated locations, where consumers are required to settle their payments and receive after-sales compensation to protect their rights and interests when quality or other problems are found with the purchased goods.

1.2. Overview and status of the e-commerce development of fresh food

The actual full name of fresh food e-commerce refers to the e-commerce of fresh food products, which means the direct sale of fresh produce, such as fresh meat, fruits and vegetables on the Internet by means of e-commerce. Due to the growing scale of e-commerce business development, fresh food e-commerce also enjoys booming development.

1.2.1 In the first stage, there are many domestic food safety incidents occurred in 2008, when the consumer demand for safe and high quality ingredients reached an unprecedented height. During the years between 2009 and 2012, a large number of fresh food e-commerce emerged in the market. However, the market at that time was oversupplied and could not accommodate such an enormous scale of fresh food e-commerce, which, compared to ordinary e-commerce, did not have any change in its business model, resulting in a large number of shutdowns of e-commerce companies.

1.2.2 When it comes to the second stage, as a fresh food e-commerce that had just been established, "Benlai.com" gone viral at the end of 2012 by virtue of the event that "Chu oranges stampeded into Beijing", followed by the "Beijing lychee war" triggered in the early spring of 2013, which has once again won the attention of people in terms of fresh food

e-commerce business.

1.2.3 For the third stage, enterprises frequently use O2O, B2B, C2C and other business models, during which in the end of 2013 to the beginning of 2014, Tmall and JD.COM also joined this team with strong momentum. As a result, fresh food e-commerce officially entered the stage of transforming the pattern and optimizing resources.

1.2.4 As for the fourth stage, since 2016, MEITUAN SELECTED has ushered into the market as an excellent representative of fresh food e-commerce, prompting the polarization of the fresh food e-commerce market, which, compared with traditional fresh food platforms, prefers to use advanced equipment and technology to optimally match the three elements of people, goods and venues.

1.3. Profile and Development Status of MEITUAN SELECTED

MEITUAN SELECTED belongs to MEITUAN, which adopts a new model of "pre-order plus self-pickup" to accelerate the integration of online and offline businesses in the fresh retail industry. It carefully culls cost-effective fresh meat, fruits and vegetables and other fresh products for community users, the prices of which are mostly lower than of the market. At the shareholders' meeting, MEITUAN director Wang Xing said that in the first quarter of 2021, MEITUAN 's annual transaction users increased to 570 million, of which MEITUAN SELECTED transaction users accounted for a relatively large proportion. MEITUAN 's first-quarter financial report shows that in the first quarter, MEITUAN SELECTED business has spread to more than 2,600 counties and cities across the country, basically achieving nationwide coverage.

2. Analysis of Porter's Five Forces of Meituan Selected

2.1. The entry ability of potential competitors in community group buying

Community group buying is such a low-tech threshold and

low-standardization industry that many people flock to it. However, today, the industry's profits are as large as less than 10%. Since brand clout will be increasingly revealed, value creation and user experience value will serve as the core of this competition. Community group buying that is in lack of innovation and refined services can no longer enter the group buying market. Therefore, the potential customers of MEITUAN SELECTED cannot pose a greater threat to it.

2.2. The alternative ability of the alternatives for community group buying

Since community group buying is an emerging retail model, its all aspects of development are not refined and perfect enough. As a result, community group buying can only provide products and services that can be also offered to consumers in other e-commerce platforms, such as many well-known B2B, B2C, C2C websites that occupy a large market share. It can be seen that there exists many alternatives to the community group buying, whose alternative ability is strong enough. Therefore, MEITUAN SELECTED has to try its utmost to provide differentiated services and give full play to its own strengths so as to distinguish it from other community group buying.

2.3. The bargaining power of community group buying buyers

The purchasers of community group buying are usually individual or group consumers, whose bargaining power is relatively flimsy; However, the reason why most of the buyers carrying out group buying is because their required goods have lower prices or larger discounts. If community group buying such as XINGSHENG SELECTED has lower prices or greater discounts, they will not hesitate to transfer to other platforms. Therefore, the bargaining power of group consumers is mightier.

2.4. The bargaining power of community group buying suppliers

The bargaining power of suppliers refers to the ability of existing enterprises to obtain better prices when purchasing raw materials from suppliers. Most of MEITUAN SELECTED's goods are purchased in the place of origin, which is greatly affected by the local season. However, it has the advantage of large purchase volume of products. Therefore, MEITUAN SELECTED bears relatively greater bargaining power.

2.5. The current competitiveness of competitors in the community group buying industry

2.5.1. Represented by Hunan XINGSHENG SELECTED

XINGSHENG SELECTED regards the original convenience store as the front carrier of the community, taking fresh products as the main commodity, and as a one-stop small supplier for daily purchases by families. However, the front warehouse model bears high labor costs, user subsidies and marketing promotion, which is the disadvantage of the front warehouse model.

2.5.2. Represented by the Beijing Shihui Group.

The Shihui Group will carry out regular professional training for all group leaders, provide corresponding arrival and return services, and the group leader will regularly release heart-warming notes such as food recipes and weather

forecasts in the group every day. Shihui Group has its own warehousing and distribution system to ensure that the whole process of goods from receipt to delivery to the community is less than 14 hours, offering consumers a more efficient and more expedient service experience.

2.5.3. Represented by "RT-MART and Cainiao Station"

RT-MART and Cainiao Station joined hands to enter the community, taking physical stores as a source of goods, giving full play to its one-stop comprehensive commodity supply advantages, thus effectively reducing the high mobility of group leaders.

3. Relevant Development Advices of Meituan Selected

3.1. Establish product standardization and brand operations

At present, operation models of many fresh food e-commerce in China resemble with each other, whose products are relatively fungible and there is a risk of gradually being eliminated by the market. Therefore, MEITUAN SELECTED must have the awareness of differentiated operation and establish its own brand advantages. It should protect the interests of consumers who come to their online platforms to select products, thereby increasing community recognition while enhancing the consumer base's high awareness of brand value and taking customer needs as the basic orientation to improve customer experience. The development path of new products should be in line with the customer needs, continuously improve customer experience and refine the quality of the products, striving for greater stability and expanding the customer base.

3.2. Control the supply chain in an all-round way and optimize the distribution system of logistics

The role of the supply chain in the innovation and change of fresh food enterprises cannot be ignored. MEITUAN SELECTED has to build upstream and downstream enterprise supporting systems for agricultural suppliers according to its resource advantages in agricultural digitalization. For example, according to MEITUANs industrial layout in the agricultural community group buying business, it will focus on building a "agricultural digitalization" system to alleviate the problems faced by traditional agricultural suppliers and establish a new agricultural supply chain management model. MEITUAN SELECTED can formulate corresponding supply and demand agreement models complying with the specific situation of enterprises, establish key parameters in the fields of product price, order commitment, quality management and information sharing, enhance technical communication, and establish strategic partnerships with suppliers.

3.3. The use of big data technology needs to be rationalized

First of all, in the face of the phenomenon of "varied prices for same tour product or service based on different consumers", businesses need to establish a correct business philosophy, determine that the interests of users will always be put as the priority, and at the same time withdraw itself from bad competition. Platforms need to set up open and transparent pricing standards and resolutely prevent misleading consumers with false information. Secondly, in

the face of distinct new and old customers, it is necessary to treat them fairly, openly and equally, so as to develop the advantages of the platform's resources, operations and ecology, and continue to make progresses in procurement, warehouse, distribution, supply chain and other aspects to maintain their own advantages. That aside, they should find ways to balance both online platform operations and offline fulfillment capabilities, leaving no stone unturned, and taking full advantage of the physical advantages of small and medium-sized merchants in the market. Thirdly, MEITUAN SELECTED shall enhance its ways to improve user experience and online platform operation and offline fulfillment.

4. Conclusion

The rapid rise of the e-commerce industry has contributed to the emergence of the model of community group buying, while, at the same time, it has also achieved rapid development in recent years. Against the backdrop of today's digital era, people's consumption behavior and consumption demand have undergone great changes. Therefore, if

community small stores aim to improve their own economic benefits and solve the traditional retail model of various problems, they must actively innovate their existing business model, leverage the community group buying model to refine their own service quality.

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