Research on the Development of Little Red Book—By Adopting SWOT Analysis

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Abstract. With the development and application of internet, cross-border e-commerce has become a hot industry. Sharing idea and mobile payment give a great push to the cross-border e-commerce, and the Little Red Book which founded in 2013 is gradually coming into a bellwether of cross-border e-commerce. Little Red Book, an enterprise which through sharing user generated content to develop it directly overseas online shopping, gradually marking our lives. The author will analyze the entrepreneurial situation and development prospect of Little Red Book through SWOT analysis. Discussed the advantages and disadvantages of the Little Red Book, and uses the ST strategy put forward corresponding countermeasures, which not only has a promoting effect on the development of the Little Red Book, at the same time, it also can be used for reference in similar cross-border electricity industry.

The Introduction of Little Red Book

Entrepreneurial Background

Little red book, as a share of global shopping community based, is dedicated to provide users with quality products at home and abroad, was founded in 2013 in June, and its core advantage-community making it more cross-border electricity industry barriers that it cannot be reproduced. At the beginning of establishment, it was just a few years before the rise of cross-border e-commerce. Many industry laws and regulations were not yet perfect, and the entry threshold of cross-border e-commerce was not high at that time (Zhang Wei, 2016) [1]. At the same time, the state is promoting the transformation and upgrading of entrepreneurship and innovation, and provides many preferential policies for cross-border e-commerce industry. The founder of the Little Red Book Mao Wenchao seized the opportunity to create Little Red Book and also established a distinctive enterprise mission-let the whole world have a good life within reach.

Characteristics of Little Red Book

Firstly, the diversity of user roles. In Little Red Book, users are not only sharers, consumers, but also good partners of peers. Users all over the world share in an APP, which greatly reduces the appearance of inferior products. Xiaohongshu has gradually developed into the world's largest community e-commerce platform.

Secondly, word-of-mouth marketing. Any publicity is behind the real experience of the user itself, the discovery of the Little Red Book software community with a large number of real user experience, shape good reputation, the community as a huge reputation database users, and updated in real time.

Thirdly, accurate control of user demand. When users enter the software for the first time, the software will jump out of a variety of personal preference options, and the APP will customize your
personal browsing content after selection. At the same time, the software will record the community video that the user browses and the goods purchased, forming a huge user data, which can be corrected on the recommendation content.

Fourthly, diversity of distributors. In the little red book, distributors have not only the ordinary people, have a lot of star, famous model, athletes, you can choose oneself to like "little sweet potato" of attention and can enter the "little sweet potato" share personal page to view more content.

**Future Directions and Industry Analysis of Little Red Book**

Cross-border electricity industry in recent years by consumers, the government also issued a large number of preferential policies for cross-border e-commerce industry, the cross-border e-commerce enterprise leader in China now basically has: Vipshop, the little red book, the wharf, the global purchase, tesco, the koala sea Su Ningyi purchase, etc.

The Little Red Book at the beginning of the vertical focuses on cosmetics business gradually developed into the comprehensive overseas online shopping goods, as a shopping artifact, it is mainly engaged in plate for an account, maternal and infant products, beauty makeup dress shoes bag and household life and so on. With the advantage of user notes and the model of word-of-mouth community, the products have fewer lightning points, and even hot style can be built through operation and user recommendation, with less inventory pressure than other overseas online shopping platforms.

Throughout the cross-border electricity industry, the little red book have a chance to become one of the most popular world class category all overseas online shopping goods, this not only need little red book on the quality of the products strictly control, still need two necessary conditions: one is expanding its influence, broaden the user groups, including but not limited to all user segment of the young women, according to the group characteristics and requirements, create to belong to the plate of each group. Second, we need to constantly improve the key functions of its APP—user notes, which are closely combined with the community, and create a good profit model.

**SWOT Analysis of Little Red Book**

**Advantages Analysis**

Firstly, user group positioning is clear. After most of the little red book of user groups for 85, 90, 00 even after the young woman, and this is the little red book of the target group, aiming at the particularity of the group, the Little Red Book will recommend some light lay particular stress on luxury products, the most striking feature of these products is that—but also cheaper than the domestic same goods are inexpensive and APP always carry out the little red book—"let the whole world good goods within reach".

Secondly, policy advantages. In recent years, the state has provided a lot of policy support to cross-border e-commerce enterprises, such as in tax incentives, convenient customs clearance, storage and turnover of goods. While the Little Red Book as the pioneer of domestic cross-border electricity, but also by the leaders of the concern and support, from the prime minister li keqiang little red book zhengzhou bonded warehouse to wang Yang, deputy prime minister visited the little red book Shanghai headquarters, the two prime ministers are innovation activities for the little red book "points".

Thirdly, great publicity and more preferential activities. Many stars in the little red book sharing their love, and a reasonable price products, and its effect is very good, such as fan bingbing has just moved into the little red book recommended by the model of vinassee mask instant in the day; At the same time, the user experience of many ordinary people to share and maximize the embodiment of the quality of the goods, such as many "little sweet potato" to uniqlo, HM and store the fitting with the fitting room and share has attracted a large number of potato starch attention that several shop of clothes.
Disadvantages Analysis

Firstly, the logistics speed is slow and the cost is high. Because overseas online shopping goods in xiaohong books are basically shipped from overseas, a lot of customs clearance materials need to be prepared. Therefore, there is no exact delivery time, so the logistics speed is slow. The instability of logistics transportation greatly affects the cross-border e-commerce enterprise's capital turnover rate and the speed of inventory, and set up bonded warehouse and the cost of the big brands and foreign cooperation also higher.

Secondly, the after-sales service system is not perfect. With the mature of online trading platform such as alibaba, jingdong, compared to the little red book of after-sales service system there is a big flaw, such as customer service online reply not in time, refund, return money, after-sales service system is imperfect, users often query less than logistics transportation, ask the customer service also is not solved, which greatly affects the user of the little red book of word of mouth.

Thirdly, software interface design lacks intelligence. The operating interface of its software is not very friendly, which requires little red book to constantly improve its software interface and recruit more professional technicians to prepare for the stability and intelligence of little red book software. For example, the user see some "little sweet potato" share of goods, cannot buy directly, but in finding the but again often appear when the goods the goods has been sold out pages, seriously affect the user experience.

Opportunities Analysis

Firstly, people's demand for online shopping is increasing. The continuous improvement of living standards and consumption makes more and more people begin to aspire to high quality of life, to the quality of the products abroad and luxury goods and the acceptance of the people improve gradually. However, due to the lack of security in purchasing directly from wechat business platform, it takes a long time to find daigou or directly purchase directly from overseas websites, and the demand of users for the convenience and convenience of overseas online shopping increases. Several kinds of the popularization of mobile payment form now offer a lot of convenience for people, a lot of people never leave home, all the necessities to buy through the network, and online shopping is also from the young to the elderly and young population expansion, along with the advance of disposable income, cross-border e-commerce enterprise APP pulled climax in these groups, and is also the biggest little red book present stage development opportunities, only constantly to meet customer needs, enhance enterprise core advantage, the little red book is possible in the future increasingly fierce of market competition has a place even win (Yang Chuxin, 2015) [2].

Secondly, support from national policies. In recent years, the state has provided many practical policies for cross-border e-commerce enterprises. In the state council on forwarding to the ministry of commerce and other departments to implement support for cross-border e-commerce retail outlet Suggestions about policy notice solved as export customs supervision in the statistics, unable to handle the inspection and quarantine, and other issues.

Thirdly, the international economic situation is getting closer. In today's economic globalization and the gradual progress of high-tech, cross-border electricity became an important part of international trade, countries around the world in the increasingly close economic ties, enhance China's international status, such as APEC, asean, WTO and other international economic cooperation organization plays a more and more important role, and "neighborhood" policy of China and the world will be more economic and trade cooperation to a higher platform, leading to the international commerce communication is frequent, and this time there is no denying the promoted the development of the cross-border electricity industry.

Threats Analysis

Firstly, threats from competitors in the same industry. Like little red book, which is specialized in cross-border e-commerce competitors, there are many ways to do this. The leading position of little red book has been threatened. For example, netease koala has been continuously expanding its scale
and promotion effect since 2017. It is now recognized by more users and has successfully occupied the leading role in the industry. At the same time, the company has adopted strategies of celebrity publicity, such as Papi jiang and black Friday, to grab a part of the overseas market and be in the position of market complainers. Other overseas online shopping software, such as darling and overseas online shopping, are also growing.

Secondly, threats from potential competitors. Most are some potential competitors have scale effect of cross-border electricity enterprise brands and brand manufacturer, the advantage of these, the product quality is good, the vulnerable consumers, if involved in cross-border electricity, there will be a large number of consumers to follow. And the current cross-border electricity industry with low barriers to entry, the little red book of competitors is growing, such as alibaba and jingdong giants is gradually to expand to overseas countries, in addition, because of the country's policy on cross-border electricity to provide a large number of dividend, and cross-border electricity dealer market is not saturated, many small and medium-sized companies to find the development opportunity and breakthrough (Qiang Yanan, 2017) [3].

Thirdly, the threat of alternatives. For consumers, the little red book of commodity prices are transparent, consumers can search the similar products in other software for comparison, inexpensive congenert commodity often more popular with consumers. If the same product is not found, consumers may also search for similar products to compare. In the case of numerous market competitors, in order to maximize their interests, it is inevitable that major cross-border e-commerce enterprises will choose to fight price wars to win more market share (Guan Huaiqing, 2016) [4].

**ST Strategies**

Firstly, expand the user base. Little red book can be set up on the software male goods for interactive plate, launch invites male friends registered series of activities such as the little red book to send men to protect skin to taste to mining market potential of male users; At the same time, can adopt the method of combining online, to launch "younger" cleansing "eternal youth vitality" and other activities, and push for middle-aged and old group of high quality products, to attract the use of middle level groups. In addition, it is necessary to further subdivide the customer group, explore the needs of customers at different levels, and open up columns to attract multi-level customers.

Secondly, improve the logistics system. For users, of course, they are more inclined to the merchants of logistics faster, at the same time also hope that the quality of the product in the process of transport is not compromised, which requires the little red book has a complete logistics system to deal with emergencies and try to improve logistics speed (Zheng Jixing, Zhou Yuxin, 2017) [5]. Little red book can seize the opportunity of the development of the "area", establish a bonded warehouse in overseas markets, at the same time to overseas direct mail business bigger and stronger to compensate for the bonded area ready for the high taxes, try to ensure that consumers can buy affordable good quality products, a supply chain to deal with customers' requirements.

Thirdly, improve after-sales service. Little red book, therefore, should set up perfect after-sales service mechanism, appropriate to arrange more manpower, as online customer service, avoid the consumer advisory goods without the problem of customer service, customer is arranged in the big festival or activities at the two shifts, may also employ some part-time employees during this period as a customer service, timely answer various questions of online users, as well as the establishment of after-sales quality inspection team, organize personnel to exchange or refund requests examination and approval of customers at home and abroad and to give reply, so as to improve the overall quality and efficiency of after-sales service.

Fourthly, improve product quality. For users, the product quality is always the most concerned about, in addition, a fierce price war in all cross-border electricity industry, the major platform of commodity prices reaching consensus, the little red book to be in a dominant position, will continue to improve the core superiority, such ability in in a superior position (Jia Shan, 2015) [6]. When the product quality up, users will be more willing to exchange ideas, compiling the user notes in their
community, and even anyway to friends, it can enhance the brand image of the little red book with word of mouth, so as to attract more potential customers.

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