

Original Paper

Study on the 4P in the Innovation Strategy of Three Squirrels'

Network Marketing

Wei Bi^{1*}, Jie De Wu¹, Yang Gao¹ & Rung Tai Lin¹

¹ Graduate School of Creative Industry Design, College of Design, National Taiwan University of Arts, Taiwan, PR. C.

* Wei. Bi, Graduate School of Creative Industry Design, College of Design, National Taiwan University of Arts, Taiwan, PR. C.

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Abstract

Along with the rapid development of our electronic commerce in our country, the only traditional marketing mode has been hard to meet the current market demand and it must be imperative to have vast application of marketing innovation strategy. It has been accepted and recognized by more and more people that there is an innovation strategy of network marketing centered with the marketing to improve user brands marketing; what's more, it has been thought and applied by all kinds of major electronic commerce. Based on the mature theory of innovation strategy of network marketing, the paper would begin from the aspect of improving user brand innovation marketing to have study and analysis of the case of 4P in the innovation strategy of Three Squirrels' Network Marketing. The successful experience and the currently existed main problem would be analyzed, and some proper suggestions would be mentioned in the paper. The paper would focus on the 4P ideas to analyze the advantages and disadvantages of Three Squirrels to explore the main experience and the existed problems. There would be correspondent improvement innovation strategy combined with the condition of enterprises so that there would be certain reference value for the improvement of Three Squirrels in the network marketing; at the same time, through the ceaseless learning and study, there would be

used by other enterprises in the future so as to have a better promotion to the healthy development of enterprises.

Keywords

Three Squirrels' Network Marketing, innovation strategy, 4P

1. Preface

The electronic commerce of our country has been in rapid development and the important event of daily life is to have shopping through network. Therefore, the competition among all electronic commerce would be extremely fierce. One successful electronic enterprise must have the unique network innovation strategy. In recent years, many major websites have started to focus and apply the innovation strategy of network marketing with the core to improve the user experience and it has been recognized and accepted by more and more people. Just as the saying goes, the popular conquer the world. Those who could meet the demand of customers with better products and service so that the satisfaction of customer would be improved could take the commercial chances earlier. The paper takes the brand of Three Squirrels for example with the combination of the previous series of study harvest to focus on the innovation strategy of network marketing of electronic commerce under the new situation through the aspect of 4P. It is hoped that there would be certain reference for the improvement of the Three Squirrels' network marketing.

The thing that exists really is that more and more businessmen promotes an idea that they do think highly of user experience in recent years and the innovation strategy of network marketing based on user experience has been developing. It has been commonly recognized by enterprises and consumers. So, what is the user experience? How could it affect the development of enterprises? What should we do to improve the user experience? Based on the reference with the mature theory of innovation strategy of network marketing, the paper points out the successful experience and the main problems in the process of the development through the exploration and analysis of Three Squirrels. Besides, according to the study method of the paper, correspondent innovation strategy and advice are being provided with the combination of the situation of enterprises with the hope that there will be reference for the improvement of the network marketing. As an electronic commerce enterprise in the third-tier city, researcher studies the marketing to know how the Three Squirrels does to get better achievement in the past innovation strategy of experience marketing.

(1) Explore the study of innovation strategy of brand marketing of Three Squirrels and the company development idea;

(2) Know the way to promote the healthy development of Three Squirrels and raise some opinions on the innovation strategy of marketing of the enterprise developed in the future.

The paper would explore the advantages and disadvantages of Three Squirrels through the above two study aims and to raise correspondent innovation strategy of marketing, so that the enterprise could come to realize its pros-and-cons to promote the progress and innovation development of the enterprise. What's more, there are beneficial reference to other enterprises by studying the fact that Three Squirrels builds up new marketing mode for food with Internet thinking and get successful experience.

2. Theory of Innovation Strategy of Marketing

2.1 Exploration of Marketing Theory

In 1967, Philip Kotler had further confirmation on the marketing combination method with the core of 4P in the first version of Marketing Management: Analysis, Planning, Implementation and Control. The strategy method would be analyzed with the 4P marketing and the specific form should be:

- (1) Product: Focus on developing function. The unique selling points are not only required, and the functional appeal of product should be in priority.
- (2) Price: The pricing of products should be based on the brand strategy of enterprises and it do think highly of the gold content of brand, so that there should be price innovation strategy that price would be different according to various market position.
- (3) Place: Enterprises do think highly of the cultivation of distributors and the setup of sales network. They would not face with consumers directly since the connection between the enterprises and consumer is mainly done by distributors.
- (4) Promotion: Enterprise do think highly of stimulating consumers with the change of consumption behavior. The growth of consumption is promoted with short term behaviors (such as making site atmosphere of marketing, making a profit in disguise, buy one get one and so on) to attract the consumers of other brands or to lead consumers to have early consumption, so that there would be the increase of sales.

2.2 Practice Theory of Three Squirrels

In the part of practical theory, Three Squirrels have a better analysis of operation from the theory of 4P, product, price, place and price, shown as the followings:

2.2.1 Product

Positioning. Product positioning is the 80s generation and the 90s generation who are used to online shopping. They think their characteristics are so high-key with their own opinion and behavior rule. They chase after fashion and they do enjoy life. They would not treat them bad and they are fastidious with the details of product. They are sued to make online shopping and they would pay attention to the comprehensive consumption experience.

Taste. Although many products and shops of Three Squirrels are the same suppliers, there would be profound study and refining on the taste of Three Squirrels. For example, the pecan with the flame of cream is so popular in the market.

Packing. The packing design of Three Squirrels chooses three squirrels such mascot to have a feeling of cute. Enterprise had found some comic lovers from Internet to have design and it had the final comparison. The later period would be modified by the professional team in the shop. The modified squirrels image could make people to think of happy childhood so that consumers could memorize Three Squirrels such brand.

2.2.2 Price

The price positioning principle of the products of Three Squirrels are mainly in the middle level of similar products. There would be no low-price war or high-price risk. Seen from the analysis the previous pricing experience of products, the product homogeneity in the food category in the shops of Taobao, so it is a sensible method to choose a medium price since it could get rid of the loss of profit due to price war and the loss of customer for the high price.

2.2.3 Place

Undertake the B2C brand sales and reject the distribution. The nuts of Three Squirrels are saved in low temperature warehouse and the normal online distributors would not have such condition. Traditional distribution form would affect the freshness of nut since it is stocked in warehouse and then it is delivered by manufacturer and sold by distributor so that the delivery parts are added. The enterprise of Three Squirrels is positioned in the first brand of Internet nut sales and it undertakes online direct sales is to narrow the gap with consumers. Besides, the adoption of offline distribution must add the currency part and the customer experience must be affected once the freshness of product is bad and then the brand would be weakened. As a result, what should the Three Squirrels do every day is to reject the business friends from all around the country to ask for offline franchising.

2.2.4 Promotion

Three Squirrels' promotion in the computer end mainly includes the lowest 80 percent off in the homepage of Tmall and the free delivery of no less than sixty-nine yuan, issuing coupon and exchange purchase with 0.99 if it is no less than ninety-nine yuan. Among these, the free delivery and issuing coupon are always existed to promote customers to buy more things so as to improve the unit price. Discount and exchange purchase are in a time limit to activate the positiveness of customers to maintain old customers; besides, many new customers would make a purchase when there is huge promotion with discount. After that, there is a promotion in Weitao end, which is a maintenance to the quit of old customers. What is sold in the event is not commodity but souvenir that is related with the culture of the enterprises, such as Why It Is Squirrels of Dad of Squirrels and dolls of Jian and so on. The promotion methods are energy stickers, interactive games, shop dynamic broadcasts, promotional activities and wireless terminal publicity activities.

Through the above analysis, the specific analysis and situation of the pros-and-cons of marketing of Three Squirrels would be found:

- (1) Strength: The supply chain management of Three Squirrels adapts the core link autonomy and the product quality could reach the controllable reality. The B2C service of Three Squirrels could make the brands closer to customers. The comic brand would be so friendly to customers. The data information platform and warehousing logistics intelligentization make sure the food information traceability.
- (2) Weakness: The offline food purchase could have a trail before buy while the online sales could not have such service. Besides, the biggest problem faced by electronic commercial food is to how to ensure the quality and freshness of each batch of product.

(3) Opportunity: Three Squirrels could search the optimized customer experience of electronic commerce platform through improving purchase, interaction and adding offline experience such parts.

(4) Threat: The offline brand would think about to switch to online basically while the online brand would not be switched to offline. The second generation of electronic commercial businessmen will have offline business experience and they will adapt the online marketing experience.

Through the above comparison, the sales behavior of Internet has been changed compared with the traditional retail. In this era, the two core factors of brand value are mainly shown at two aspects: firstly, the number of loyal customers that you have; two, much more additional value that you could provide for customers. The consumption rationality of customers would be increasing when a recognition market is cultivated. Enterprise must upgrade and change to be era of service and quality brand. Those who could take the lead in branding would be winners.

3. Analysis of Innovation Strategy of Three Squirrels Marketing

3.1 Analysis of Innovation Strategy of Three Squirrels Marketing

Three Squirrels Electronic Commerce Co., Ltd was founded in 2012 and it is the first enterprises in China with the positioning of pure Internet food brand. It is e-commerce enterprise with the development and distribution as well as B2C brand sales of its own brand of the foods, such as nut, dried fruits and tea leaves. It has been one of food e-commerce enterprises with the greatest sales scale in China. The successful presentation of brand Three Squirrels had been loved by venture capital institutions, so it had been invested by one million five hundred thousand dollars of IDG as A round angel investment and the six million dollars of Today Capital as B round investment. The reason why the brand of Three Squirrel would be studied is that there is own marketing character of Three Squirrels and there is also huge commercial success at the same time. The innovation strategy of marketing would be analyzed with SWOT. (Shown as Table 1)

Table 1. The Analysis of Innovation Strategy of Three Squirrels'Marketing

Strength	Weakness
1. Successful early advertisement marketing	1. There is only online sales and it is strictly depended on Tmall platform and the market share of offline is conquered.
2. Better brand image	2. Supply chain is unstable and there are so many supply crisis
3. High innovation and vitality of the staff	3. Management system is imperfect and the executives are in lack of management experience
4. Sufficient investment support	4. The back force of advertisement
5. High quality	
6. High satisfaction and loyalty of customer	

			marketing is insufficient.
Opportunity	1. The market scale of leisure food is expanding 2. The use of big data of Internet could have a full knowledge of the psychology of consumer.	1. Make use of strength to master chance 2. Add product types 3. Maintain old customers and dig out new customers 4. Continue to make use of innovation strength of staff to take up future market share	1. Overcome weakness with chance 2. Add the warehouse point of hot-selling sites with big data 3. Dig out new demand of consumers and try the offline sales to expand market share
Threat	1. Serious homogeneity of products of snack market 2. Industry entry threshold is low and the entry of potential competitors 3. Current marketing method would be learned by competitors 4. Competitor would use price war in the state of disordered competition in China	1. Get rid of threat with strength 2. The existed scale production effect could be used to stop the joining of potential competitor 3. Strengthen the development of specificity of product with investment	1. Reduce the weakness to the minimum threat 2. Continue the innovation marketing to maintain the uniqueness.

3.2 Service Product and Brand Strategy Analysis of Three Squirrels

In the marketing process of visible products, services are depending on visible thing to have a setting while there is content of service in visible commodity. The relationship between these two parties are so subtle.

The first Internet forest food brand strongly presented by Three Squirrels in 2012 means natural, fresh and non-excessive processing. It raised the concept of forest food firstly and it was located in the Series of Forest to trigger an innovation reform of fresh and safe food with low price. It should be emphasized that Three Squirrels successfully started the pure Internet forest food line through the nut products. The current core is nut and there is the launch of many kinds of products such as flower tea, candied fruit and so on. Each category would be presented with one correspondent brands and all products would be categorized as Forest System to advocate a life style of slow eating and fast living. The brand of Three Squirrels did shape and convey squirrels culture that is series of forest, both the first page of product description, words in service card, package box, shell bag, attached mobile phone pendants, card sets and staff working environment. The delicate design of details and scenery of the details mentioned

above would expose the happiness and cute, green natural and environmental caring that are included by squirrel's culture.

3.3 Innovation Strategy Analysis of Service Pricing of Three Squirrels

The product pricing of Three Squirrels maintains the sweet low-price, which is also a core to attract customers. Compared with the offline supermarkets, the products of Three Squirrels are twenty percent cheaper than the similar products, which would lock the customers of this type to large extent. The ordering cooperation adapting in the original place is insisted to save the cost of the distribution of traditional enterprises, so a reasonable cost and more preferred price would be controlled. Besides, Three Squirrels could achieve the rapid catching of the consumer's consumption trend change to have a quick response to the change when it faces with consumers directly and it could make use of data-digging technology in the big data of Internet, which could achieve the production and supply are arranged according to order to get rid of the common problem of traditional sales mode, large backlog of stock. The expenditure that could be saved could support it to attract much more consumers with more flexible price.

3.4 Analysis of Innovation Strategy of Distribution Service of Three Squirrels

Three Squirrels do the online sales with the help of B2C platform and Internet technology. The brand rapidly creates a new retail mode of food with such sales mode and it is also the fastest and the freshest supply of food. Such unique business mode would not only narrow the gap between businessman and customer and it could also make sure that customers could have fresh and perfect food.

Powerful brand+ hard sales is the best method for many brands to have a quick growth in China. Three Squirrels still reject distribution when it has been the No.1 in the online nut because what is emphasized the most in the information form is the temperature demand for the reservation of nut products. The nuts of Three Squirrels are saved in a low temperature warehouse while common online distributors would not be equipped with it. So, it must affect the freshness of products when the delivery part is added. Therefore, Three Squirrels insists to reject offline distribution.

3.5 Analysis of Innovation Strategy of Service Promotion and Communication of Three Squirrels

The founder of Three Squirrels, Zhang Liaoyuan, had been the first customer service of the brand. He wrote a Secret Book of Squirrel Service with ten thousand of words according to the accumulation of his experience to promote the twelve items of customer service among the internal of enterprise. The aim is to make customer service to be delightful squirrel so that all customer services could be familiar with the demand of customers rapidly and ensure the demand would be met properly. Three Squirrels would take some quality product to have cost sales in some normal marketing to enter new market or have feedback to new and old customers in the form of low price; besides, through the analysis of big data, there would be refined analysis of the data in the backstage and some critical indexes would be screened to choose target customers. Through these information, squirrel customer services would have more targets to have online communication with customers. Such service could not be in large scale and it is also hard to learned. Therefore, customers will feel the different caring when they receive

package or samples in each pursue of Three Squirrels.

3.6 Visible Demonstration Strategy Analysis of Three Squirrels

Three Squirrels aims at possible optimization of each parts from customers' purchase to eating. For example, nuts would be processed to be easier to spilt and the squirrels image would be highlighted with fashion double package. There would be tiny detail designs, such as providing customers with opener, nuts, tools, fruit bags, and even tissues such visible things and some surprises, like lottery tickets, coupons, new products trial, gadgets and micro magazines. There would be some funny hints. For example, there would be a hint in the package that Master, I am squirrel Dai. You should remember to put the shell into the bag when you finish it. All of these would show the brand culture of Three Squirrels.

4. Innovation Implementation Analysis of Marketing of Three Squirrels

4.1 Implementation Analysis of Marketing Brand of Three Squirrels

It should be mentioned that the emotional innovation marketing of Three Squirrels—cute selling, has made bigger achievement in commercial presentation. Three Squirrels makes use of virtual image person and they are the friendliest carton virtualization-three lovely squirrels. According to the character of nut snack, there would be correspondent cartoon image package, garbage of shell, packet clamp and tissues and so on. Customer service would also talk with customer in the form of pet talking to its master to narrow the gap with customers with a cute tone.

However, the successful achievement gained by the marketing of Three Squirrels results in the copy of other competitors. According to the latest investigation, although the Three Squirrels is still in the number one of the overall searching popularity, the strength of early marketing is reducing gradually. The overall year-on-year increase rate of searching popularity is the last one of many competitors and the increase rate of searching popularity of the main competitor, Be & Cherry, is up to ninety percent. That of second competitor, Best Store, is also up to fifty percent. While the increase rate of Three Squirrels is only twenty percent. These data could have reflection to some extent that the strength of advertisement marketing advantage of Three Squirrels is reducing slowly, and it is so urgent to develop new branding marketing to keep the strength position.

Three Squirrels makes use of the advantage of comic marketing to continuously present sub-brands—Squirrels Jian and so on, so it could further attract children and youth and strengthen the customer cultivation. The essence of innovation strategy of network original brand shaping is to catch customer experience to achieve brand communication with openness, human touch and interactive value and the loyalty of brand would be consolidated with emotion and culture. Three Squirrels must insist the derivation of original brand to build up Three Squirrels of forest series so that the influence of brand could be maintained.

4.2 Implementation Analysis of Network Marketing of Three Squirrels

The innovation strategy of network marketing of Three Squirrels explores the successful strategy from the four aspects of price, products, place and promotion to analyze the strength and weakness of Three Squirrels with the aspect of 4P ideas. The main successful experience and the main problems are explored, and correspondent improvement of innovation strategy would be suggested combined with the situation of enterprise.

(1) Product: Three Squirrels accumulates vast of consumers data and there would be target design according to the insight behind the data to meet the core online shopping group, for example, the double layer texture package, providing all kinds of tools and giving gifts. Besides, the study direction of Three Squirrels should continue to improve the information system to build up a safe and traceable supply chain system with data, so that the food safety could be traced to the upper stream to achieve the resource transparency. Then, the tracing demand of customers to food safety could be met and customers would be more confirmed. Three Squirrels achieve the characteristic service for customers by building up perfect data information system. The recognition of such information as products that customers have bought, proportion of discount, unit price and second purchase frequency would make customers to receive different package in each purchase of the products of Three Squirrels.

(2) Price: There are vast of distributors of traditional branding enterprises while they could not do the quick reaction as online enterprises in pricing when they face with the change in online consumer spending trends over a short period of time. Secondly, Three Squirrels would make sure the quality of product and the price would be twenty percent lower than the offline supermarket according to the feature of online shopping group. It insists the price monitor of offline products and the online similar product so that it could keep the active adaptability of price with the premise of quality insurance.

(3) Place: Three Squirrels insists in positioning in the first brand of Internet sales and it persists to narrow the gap with customers. It rejects the offline distribution and nuts are saved in low temperature warehouse to maintain the unique supporting platform. Secondly, network pipe of Three Squirrels would enlarge of the full coverage of Tmall, Taobao, JD, No.1 Shop, QQ online shopping, Meituan, VIP shop and JUMEI such online pipes and it also improve the four major logistics centers in southern China, northern China, eastern China and southwestern to achieve the daily processing order quantity of one hundred thousand and the second-day arrival logistics service of sixty percent regions around the country. The powerful supply and warehouse responding ability have been shown in multiple promotions.

(4) Promotion: Firstly, the advertisement planting of TV series expands market of Three Squirrels and it aims at target group of consumption. Secondly, the invisible communication of brand derivation. Squirrel Package focuses on the derivations of family of squirrels. There are such tiny toys as mask, pillow and handset around the semi-diameter of life of young customers. Lovely carton image and delicate quality would communicate brand invisibly. Apart from it, squirrel's animated set and comic set also attract many customers to have a further deepening of brand love.

5. Conclusion

The paper takes case analysis of Three Squirrels with 4P. The successful experience of the innovation strategy of network marketing to improve user experience is shared and it is hoped that it could be insisted and carried forward; the main problems in the process of development would be suggested to raise correspondent improvement suggestions with the hope that there would be certain reference for the improvement and perfection of network marketing of Three Squirrels. The coming of globalized economy raises more forbidding challenge for e-commerce enterprises. Enterprises must establish new 4P marketing idea if it wants to keep certain advantage in the fierce market competition to enhance the network marketing awareness and improve the level of innovation strategy of network marketing. At the same time, Three Squirrels enterprise should strengthen the brand marketing to main the uniqueness of brand, to innovate production technology, to widen distribution pipe, to predict consumption demand, to rob future market and to improve the company system department. Besides, the advanced marketing idea and marketing innovation strategy in foreign country would be learned ceaselessly and these should be applied for the brand to prompt the healthy development of enterprises.

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