

# **Research on the Characteristics of User Generated Content of Social Commerce from the Perspective of Value Co-creation——XiaohongshuAPP VS. MogujieAPP<sup>1</sup>**

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**ABSTRACT:** *With the advent of Web 2.0, the popularity of mobile Internet terminals, and the needs of consumers' self-expression, it is more convenient for customers to enter the process of value creation. Based on the theory of customer value co-creation in social commerce, from the perspectives of users and content, this paper analyzes the characteristics of user generated content in XiaohongshuAPP and Mogujie APP, and puts forward specific operation suggestions on how to publish user generated content on the third-party platforms from the standpoint of brand.*

**KEY WORD:** *Value co-creation, Social commerce, Usergenerated content*

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## **I. INTRODUCTION**

According to the results of the 44th Statistical Report on China's Internet Development released by China Internet Information Center (CNNIC) in August 2019, by June 2019, the number of Chinese Internet users reached 854 million, with the Internet penetration rate of 61.2%, of which Internet users under the age of 39 account for 69.1%, which shows that young Internet users have become the main force of Internet users in China. Young netizens are characterized by loving sharing, creating and active participating. The development of Internet technology provides convenience for consumers to participate in brand building, especially in the era of Web 2.0 and under the background of sharing economy, enterprises and customers become mutual benefit of both sides, and customers gradually change from the end receiver of the value chain to the leader of value creation. With the help of social commerce platforms, enterprises can meet the needs of customers, and get opinions and suggestions on new product research and development through communicating with customers, so as to build a high-quality brand and enhance value. User generated content is the carrier for customers to participate in the process of brand value creation. By publishing text, pictures, videos and other various forms of content, users express their consuming experience, establish brand reputation, and meet more users with the same consuming preference, and finally bring more benefits to the enterprise.

In view of this, based on the perspective of value co-creation, this paper uses the method of case analysis to summarize the characteristics of user generated content in the two platforms——Xiaohongshu and Mogujie, and provides specific operational suggestions for companies to publish user generated content on the third-party platforms.

## **II. LITERATURE REVIEW**

### **2.1 Social Commerce**

Social commerce first emerged from the management practice of Yahoo in 2005, and then the academic circle began to pay attention to the research on social commerce and defined its connotation. Starting from the actors, some scholars believe that social commerce refers to the business model in which the one-way behavior of both parties in online transactions is transformed into two-way interaction (Afrasiabi & Benyoucef, 2010). Another part of scholars, starting from the platform of performing behaviors, believe that social commerce refers to business activities conducted by people on widely used social network platforms (Liang Ting-Peng, et al., 2011). And some scholars, starting from business behavior itself, believe that social business refers to a series of activities such as demand cognition, purchase decision, purchase or post-purchase in social media (Yadav, et al., 2013). This paper holds that social commerce consists of two parts, sociality and commerce, which can not

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only realize the interaction between enterprises and customers, but also satisfy the communication between customers and customers.

## **2.2 Value Co-creation**

Value co-creation was first proposed by Prahalad et al., who believed that the future competition of enterprises would depend on a new method of value creation—value created jointly by consumers and enterprises (2000). Since then, value co-creation has quickly become a new research field in marketing, but there are different interpretations of the definition of this concept. Some scholars believe that value co-creation exists in the production stage, that is, value is the result of joint production between enterprises and customers (Ramirez, 1999); Some scholars believe that value co-creation exists in every stage of the value chain, that is, value is the result of the joint creation of enterprises and customers (Prahalad & Ramaswamy, 2004), and enterprises and customers have the same important position, and this paper agrees with the second definition.

## **2.3 User Generated Content**

User-generated content was the product of Web 2.0. This paper understands its concept from four dimensions. 1) Who: users are publishers of content, including individuals, organizations and social groups. 2) What: the content not only contains the information shown in the words, pictures or videos, but also includes the implicit information that readers can perceive. And content conveys various purposes such as entertainment, business, social interaction and others. 3) Why: the motivations of user-generated content include the internal needs of users themselves and the incentive factors of external environment. 4) How: there are various modes of user-generated content. Content can be independently published by users or jointly completed with other users for some special reasons (cooperation, competition, etc.).

### **III. CASE ANALYSIS—XIAOHONGSHU APP VS. MOGUJIE APP**

The research on the characteristics of user generated content can start from two dimensions: users and content. Based on the users and content, this paper compares the similarities and differences of user generated content between XiaohongshuAPP and MogujieAPP.

#### **3.1 Xiaohongshu APP**

Xiaohongshu APP was launched in June 2013. It is a community sharing shopping platform founded by discovering the huge market behind overseas tourism shopping. It is a self-operated platform based on the UGC + drainage model. It attracts users with real evaluation, authentic overseas shopping, and quality life. After accumulating a certain number of users, it is transformed into a cross-border e-commerce platform, targeting at the people who have certain purchasing power and certain requirements on life quality.

#### **3.2 Mogujie APP**

Mogujie APP was launched in 2011. It was transformed from UGC community to shopping guide platform, and further transformed to social commerce platform. Shopping and the community are integrated with each other, providing e-commerce platform services, recommending products to users through UGC, fashion sharing and other means, and providing more consumers with more effective shopping decision-making suggestions. It aims at the relatively low-end customers with the pursuit of fashion.

#### **3.3 Users-based**

The users of xiaohongshuAPP and mogujieAPP are mainly young people. Netizens at this age have the characteristics of sharing, trend seeking, self-awareness and so on. They will take the initiative to pay attention to the fashion trends and publish their own consumption experience on various platforms, and they will also follow the recommendation of opinion leaders to buy the same product.

The overall consumption level of xiaohongshu's users is higher than that of mogujie's users. Xiaohongshu's users have a certain economic basis, pursue a higher quality and healthier life, and they are willing to show their unique lifestyle to other users on the platform, so as to achieve their goal of gaining fame, recommending good things or getting recognized. Users of mogujie are more likely to understand the changes of the trend of the public to obtain information and purchase products, and less concerned about product quality, because most of the products consumed by this group are fast-fashion, easy to consume and frequently being replaced.

#### **3.4 Content-based**

The forms of user-generated content on xiaohongshu and mogujie platforms include text, pictures and videos, which can express users' consumption experience and make recommendations to other users. It can also

realize the communication between businesses and customers, customers and customers, meet the needs of social interaction, either.

Xiaohongshu's user generated content involves a wider range of areas, including travel, reading, emotional venting, etc., with sharing as the main purpose and focusing on the authenticity of the content. Among them, the product recommendation mainly focuses on expressing the consumption experience, reducing the discomfort caused by the advertisements perceived by the readers, and the content does not directly include a product purchase link or a shopping list. The scope of user generated content in Mogujie is concentrated in the field of consumer goods, with the main purpose of stimulating consumer behavior. The content directly includes opening of stores, store presence, product links, live sales, etc., and attaches importance to the verticality of community content sharing. It fits the position of consumer goods such as fashion, food, personal care, etc., and attaches importance to the professionalism of content sharing and the conversion rate of purchases.

#### **IV. CONCLUSION**

This paper summarizes the characteristics of user generated content on the two platforms—Xiaohongshu and Moshujie, and finds that large enterprises with mature brand image are suitable for cooperation with platforms like xiaohongshu. Through influential user generated content, Enterprises can encourage more customers to participate in brand value creation and accumulate power for the company's brand building. Therefore, this paper proposes the following suggestions for enterprises to publish user generated content on the third-party platforms:

##### **4.1 Cooperate with Opinion Leaders in Line with the Brand Image**

Young consumers will attach importance to the reputation recommendation of opinion leaders, and the actual market situation also proves that opinion leaders such as stars, well-known KOLs and doyens have the ability to sell goods that cannot be ignored. When choosing opinion leaders for cooperation, enterprises need to consider whether the image of the leaders is in line with the positioning of brand, because consumers pay more and more attention to the authenticity of recommendation information, accordingly enterprises should improve the perceived authenticity of consumers. In addition, opinion leaders who are consistent with the brand image are more likely to attract the target customers of the brand and improve the conversion rate of enterprise investment.

##### **4.2 Improve the Quality of UserGeneratedContent**

Due to the development of the Internet and the popularity of mobile terminals, most of the user generated content is created in the spare time of users, which cannot guarantee the quality of its content, and readers cannot quickly and efficiently retrieve high-quality information from a large number of usergenerated content. In addition, the lack of the user's own attention and external supervision will cause the authenticity of user generated content remains to be verified. These user-generated content, which cannot guarantee its accuracy and authenticity, will increase readers' discomfort and damage the brand's image in consumers' minds. Therefore, it is necessary to check the quality of user generated content by taking certain monitoring measures, such as regular review of readers' feedback and monetary rewards.

##### **4.3 Improve the Recommendation Accuracy**

Because the reader's perception of the usefulness of user generated content varies from person to person, the publisher's interpretation of a certain concept may not be consistent with the reader's understanding, which may lead to the miscommunication of information or omission, resulting in the loss of consumers. Therefore, enterprises should take certain measures to improve the accuracy of recommendations. For example, enterprises may classify target reader groups, and place advertising information in line with their understanding ability to users at different levels. Or enterprises can create a vocabulary that can reflect the characteristics of its products to represent the product image, so as to re-establish readers' association for a certain concept, and open the gap between its products and similar products of other enterprises.

##### **4.4 Attach Importance to Emotional Expression of UserGeneratedContent**

The emotional expression of usergenerated content is more likely to arouse readers' resonance. When publishing usergenerated content, enterprises should pay attention to the expression of emotions in the content, not just make an introductory description, which is easier to attract consumers' attention and obtain their approval, so as to establish an emotional connection with consumers and deepen the impression of brand image in their minds.

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