

Study on the Optimization of Meituan Take-out Promotion Strategy

Jingyi Yu, Mei Ge

Faculty of Business, City University of Macau, Macau, 999078, China
562224387@qq.com

Abstract: With the rapid development of Chinese take-out restaurant industry, consumers can order food through their cell phones to enjoy food without leaving home, and this convenience has made take-out ordering a favored consumption method for students and white-collar workers. When consumers choose a take-out platform to place orders, promotional offers are an important influencing factor. The study summarizes and classifies the 14 promotional strategies being used by Meituan, a leading company, and provide an in-depth analysis of the effectiveness of the use of promotional strategies based on consumer behavior theory, concluding with suggestions for optimizing of the promotional strategies.

Keywords: Meituan take-out; marketing strategy; consumers

1. Introduction

With the rapid development of Internet technology, the process of Internetization of Chinese catering industry has been accelerating, and Internet platform has used their advantages in information flow to innovate a variety of catering service modes, such as Meituan take-out, Dazhong comment, delicious reservation app, and daily selection for group purchase. These services can accurately and timely meet the various catering needs of different users. At the same time, the rapid development of Chinese express delivery industry, the rapid expansion of the food and beverage take-out market, the convenience of enjoying delicious without leaving home, so that ordering has become one of the main ways for many residents to consume food and drink.

According to the "China Sharing Economy Development Report (2022)", Chinese online take-out market size reached RMB 811.7 billion in 2021, up 22.1%; as of December 2021, the number of online take-out users in China reached 544.12 million, up 29.92%; the per capita consumption expenditure of online take-out reached RMB 709.6, up 49.6%, accounting for 21.4% of the per capita consumption expenditure of food and beverage. In particular, with the recent resurgence of the epidemic, offline dining in many places has almost come to a halt, and a large number of dining enterprises have been transformed to online, resulting in a surge in the registration of enterprises in the take-out industry, which reached 1.472 million in 2021, up 87.6%.

With the rapid development and increasing maturity of the takeaway industry, consumers are gradually becoming a key resource for takeaway platforms, especially in the buyer-side market scenario, promotions are an important marketing tool that has a positive impact on increasing consumers' willingness to buy and improve the market share of merchants.

Up to now, Meituan take-out user registration exceeds 300 million, Meituan merchant version has over 15 million registered users and 13 million registered riders, with more than 20 million orders waiting to be delivered every day, making it the most active food and beverage takeaway platform in China at present. The merchants choose Meituan take-out platform because of its large market share and huge user base, while consumers choose platform because of the convenience and speed, and the good quality and low price of food on the platform line on the other hand, and the promotional strategy of the platform is more favorable than that of physical stores. As the difference between takeaway platform services is not obvious, apart from the fact that users have formed a specific habit of using the platform, promotional offers are the most important factor for consumers to choose a take-out platform. In order to attract more consumers, take-out platform launch a variety of promotional offers, such as red packets, coupons, discounts, full reductions, free shipping, on-time insurance. However, there are many problems in the use of these promotional offers, on the one hand, many consumers do not buy promotional offers, complaining that the business promotion scheme, the use of complex rules, these promotional offers do

not play a role in attracting customers to spend. On the other hand, the platform and merchants has invested more in promotional offers, and although they have paid higher promotional costs, the actual effect of the promotions is difficult to estimate.

Only by fully understanding consumers' purchasing psychology and motivation, and grasping consumers' demands, can take-out platform develops corresponding marketing strategies to meet consumers' needs, gain consumers' trust and love, and stimulate consumers to generate more behavior, and ultimately create their own unique competitive advantage in the market.

2. Theoretical analysis of the promotion strategy

As a short-term marketing tool, promotions stimulate consumers to purchase or increase their motivation to purchase a specific product or service^[1]. Domestic and foreign scholars have distinguished between price promotion and non-price promotion when conducting research around online platforms' promotional strategies. Price promotions stimulate consumers' purchasing behavior by influencing the price information of products or services. The common price promotions like full reduction bonus, discounted goods, membership bonus, special offers. Price promotions allow consumers to associate products with prices and influence consumers' perception of prices, so that consumers feel that price promotions bring them benefits and savings. Non-price promotions do not directly provide monetary benefits to consumers, but rather provide other incentives to make consumers feel happy. Common non-price promotions on take-out platform include: free price, free with order, additional services, etc.

Andreasen & Belk (1980) found that consumers were more likely to choose half price to buy a second ticket rather than a 40% discount on the entire fare. The results of this study are difficult to explain in terms of monetary savings. Chandon classifies the perceived benefits of different promotions into practical and hedonic benefits, based on the different benefits they bring to consumers^[2]. Taking into account the characteristics of online take-out platform products and promotional strategies, the study defines the sum of material and spiritual benefits felt by consumers as the perceived promotional value of consumers, specifically including practical value and hedonic value.

Scholars in China and abroad have focused on explaining why and how consumers are affected by promotional stimuli in their research on promotional strategies and purchase intentions, often using psychological theories to explain this. Psychologists Mehrabian & Russell (1974) first proposed the SOR model consisting of three components: environmental stimulus, body state, and body response, where S denotes the stimulus faced by the consumer, O denotes the subject with an organism or response, and R denotes the response caused by the stimulus. According to the theory, the promotion can be seen as a stimulus of the external environment, and the willingness to buy is the consumer after processing the stimulus information through a certain decision-making process leading to the occurrence of consumer behavior, is a response to the promotional stimulus, this behavior model is the "stimulus - body - response" model (S-O-R).

The SOR model illustrates that consumers are influenced by stimuli in the external environment, which will generate a certain cognitive or emotional change in their hearts, and this change will prompt consumers to behave in a certain way.

In summary, the consumer decision process is very complex, but the core content is still the consumer under the external stimulus, through a series of body action, and ultimately produce consumer attitudes and behavioral changes in response^[3]. This study considers promotional strategies as a stimulus that can effectively enhance consumer purchase intentions. On the one hand, price is an important factor that affects consumers willingness to purchase, and when the features of the product are similar in terms of function, quality and evaluation, rational consumers will choose the one with relatively lower price. Therefore, price promotion is an effective means to stimulate consumers to buy, can enhance consumer willingness to buy, increase sales^[4]. On the other hand, non-price promotions can provide consumers with a stimulus to explore information, to provide consumers with more benefits, is a hedonistic promotion, and hedonistic motivation is the psychological determinants of consumer behavior in the purchase, this entertainment, fun and pleasure can also positively affect the consumer's willingness to buy^[5].

3. The problem of promotion strategy

Since the birth of the take-out platform, various promotions have been an important factor in

stimulating users to continue using it and attracting new users to join. A variety of promotional strategies have been accompanying the continuous development and growth of the takeaway platform. When you open the Meituan app, various promotional tips and pop-ups are constantly stimulating consumers, but from the actual effect, the same promotional strategy often works very differently for different consumers. How do the different promotional strategies work? What kind of psychological activities do consumers go through when making decisions? What causes consumers to have different responses to different promotional strategies?

This study summarizes and classifies 14 types of promotional strategies being used by Meituan platform, including price-based promotions represented by full-deductible red packets and discounted goods, and non-price-based promotional strategies such as gifts with orders and additional service. According to the categories of promotional strategies are divided into red envelopes: new customer envelopes, full reduction, stores without threshold red envelopes, red envelopes, sharing red envelopes, membership. Discounts are: discounted products, exchange products. The subsidies include: new reductions, payment offers, and subsidy offers. Gifts: free amount, free with the order, additional services, etc. From the perspective of the promotional strategies, some promotional strategies are to attract new users to join, some promotional strategies are to enhance user stickiness, stimulate the number of consumption and consumption amount. From the point of view of the frequency of use of promotional strategies, new customer red packets, new reductions, offer and Meituan payment offers to attract new users to join the promotional strategy, although the benefits are stronger, the user can only be used once after registration in the platform to place an order. Store no threshold red packets, low price redeemable goods, the full amount of free, with a single gift and additional services free store promotional offers are not available to every merchant, but some promotional offers specific to individual stores or individual products. Card red packet, sharing red packet and membership red packet although can be used but there are threshold restrictions, either purchase will have permission, or you have to link to share or card. While the full reduction of red packets and discounted goods is a promotional strategy used by almost every store in the platform, consumers can use each order, merchants can set different amounts of full reduction according to the amount of consumption, according to different goods different discount strength. On the surface, it seems that the two are used at the same time with greater strength, but when placing an order will prompt the promotional offer of full reduction and discount is mutually exclusive, can only choose one or the other, the actual effect of the offer is not satisfactory.

Through the above summary and analysis of Meituan's promotional strategies, the study found that Meituan platform mainly uses price-based promotional strategies. According to the model of the relationship between promotional strategies and purchase intentions, promotions can stimulate consumer purchases because they can provide consumers with certain aspects of value and increase the likelihood of successful transactions, thereby influencing purchase intentions. Price-based promotional strategies can mainly bring consumers practical perceived promotional value, this material stimulus will make consumers perceive the reduction in consumer costs paid, when consumers feel "cheap", that is the actual price of product spending is lower than the internal reference price, the consumer's willingness to buy will increase. In the promotional context, the promotional approach will affect the consumer's perceived value, the greater the perceived value, the stronger the consumer's willingness to buy; the smaller value, the less product. Therefore, the perceived promotional value plays a very important role between the promotional strategy and the willingness to buy. As the price promotion of Meituan platform is used, those offers that are stronger are used a limited number of times, and the offers that can be used every time are limited in terms of money saving, resulting in weak perceived practical promotional value of consumers, which does not well realize the role of stimulating consumption.

At the same time, the platform did not pay attention to the positive role of non-price promotion strategy, non-price promotion strategy brings consumers the value of hedonistic promotions difficult to express in monetary terms, and can not be reflected in the quality and functionality of the product, but the benefits generated by the strategy and the psychological and emotional relevance of consumers, will make consumers feel more interest and happy in the shopping process, and can also positively affect the consumer purchase it can also positively influence consumers' willingness to purchase. Therefore, platforms need to design and incorporate the use of non-price promotion strategies more often.

Finally, the platform does not design and use promotional strategies to target promotions based on different products or different consumer contexts, which largely leads to the result that the platform gets half the results with twice the effort in promotions. According to Chandon (2000) proposed a framework of consistency of promotional benefits, product categories and promotional values are consistent when the promotion will be more effective^[6]. Studies by scholars have shown that consumers are interested in and respond to products that are aligned with consumer motivation and to compelling promotional

appeals. When promotions are consistent with consumer motivation and thought patterns, consumers perceive value in promotions and have a stronger impact on purchase intentions. Therefore, the Meituan platform needs to design and promotions according to different consumer needs of consumers in order to achieve twice the result with half the effort.

4. Optimization measures for promotional strategies

(1) Adjustment of price promotion strategy. With the fierce competition from take-out platforms and the enactment and implementation of anti-unfair competition laws in the take-out market, relying on platform-exclusive products to attract consumers become a thing of the past. Nowadays, in the context of homogenization of stores and goods across different platforms, the strength of platform promotions has become one of the benchmarks for consumers to choose where to place their orders. Price promotions, as a way to directly help consumers save money on offers, can effectively stimulate consumers' willingness to buy. But the prerequisite for such effectiveness is that the price promotion can bring consumers a large enough perceived practical promotional value, and only when consumers feel enough convenience or enough monetary savings can they be stimulated to buy behavior. Therefore, Meituan should further enhance price promotion, on the one hand, the platform can cooperate with store merchants to share the promotion cost and increase the discount to stimulate consumers, on the other hand, according to the relevant research results of discount promotion, 20% is a threshold value that can better stimulate consumers to perceive the value of promotion and stimulate consumption, so the platform can consider when setting price promotion offers such as full reduction or red packet. Therefore, the platform can consider such a discount strength when setting price promotion offers such as full discounts or bonus packages, which can ensure the promotion effect, improve merchant sales and increase the popularity of the platform.

(2) The use of non-price promotional strategies. Although, the non-price promotion strategy can not directly bring consumers monetary savings, can bring consumers psychological and emotional stimulation, which helps to establish an emotional connection between consumers and the platform, this emotional connection can enhance consumer trust and improve user stickiness. In terms of price promotion strategy, if the competing platforms offer bigger discounts, then consumers will immediately turn to other platforms to place orders, but the non-price promotion strategy cannot be measured and compared with price and money, and it cannot be fully learned and copied by other competing platforms. Therefore, the Meituan platform needs to make more use of non-price promotion strategies, which on the one hand can enhance consumers' perception of the value of hedonic promotions and increase their willingness to buy, and on the other hand can maintain emotional ties with consumers and cultivate loyal customers.

(3) Effective of promotional strategies for consumer motivation. Consumer motivation is closely related to consumer purchase behavior, it is the driving force behind the consumer behavior, based on consumer needs and interesting generation, to stimulate consumer interest in a product or service, is the reason and motivation to trigger consumer purchase behavior^[7]. According to the regulation matching, when the individual's self-regulation direction matches with its behavior, it can enhance the motivation and subjective experience. When designing promotion strategy, the merchant wants to enhance the promotion effect and the promoted value of the consumers, so it is necessary to match the promotion method with the motivation, so as to enhance promotion price of the consumers to different methods and further enhance the purchase intention of the consumers. Therefore, when designing promotional strategies, Meituan takeaway platform can mainly use price promotional strategies for those takeaway products with motives such as rice and noodles, and mainly use non-price promotional strategies for those takeaway products with hedonistic consumption motives such as cakes and milk tea, so as to ensure synergy between promotional strategies and consumption motives, and to achieve the target and get twice the result with half the effort, in order to make promotional strategies The most effective promotion is to ensure synergy between promotion strategy and consumer motivation, and to achieve the target and half-measure.

5. Conclusion

At present, there are too many promotion strategies on Meituan take-out platform, which seems to bring consumers a lot of preferential choices. However, from the perspective of consumers, excessive promotion strategies and complicated participation process will make consumers feel troublesome, but can not play a role in stimulating consumption. Meituan takeout platform needs to appropriately simplify

the form of promotion activities, design price promotion and non-price promotion for different products, so that consumers with different motives can perceive more value from the promotion activities, and then increase their purchase intention, so as to promote the sales volume of takeout on the platform.

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