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Research on the Effect of Pinduoduo's Agricultural Support and Poverty Alleviation in China

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Abstract. Upon the implementation of the 12th Five-Year Plan, our government gives great impetus to the poverty alleviation via Internet plus agriculture and e-commerce. With the popularization of rural Internet and the improvement of e-commerce related infrastructure, the project has achieved certain results. Pinduoduo is a typical case company of e-commerce poverty alleviation, because it actively responds to the national call, vigorously participates in the cause of poverty alleviation and agricultural support, uses its own advantages of e-commerce sales, integrates the entire chain including the source purchase of agricultural products, logistics distribution, consumer terminal services, and solves the problems of agricultural production and sales in remote mountainous areas, so as to support the local agricultural development, improve the local economic level, and give assistance to the government eliminate the poor population. This paper takes Pinduoduo as a case analysis object to analyze the motivation, mode and effect of poverty alleviation through Pinduoduo, and puts forward conclusions and suggestions based on personal research results.

Keywords. Pinduoduo; agricultural support and poverty alleviation, effect analysis

1. Introduction

At present, China is a developing country with the largest population in the world, and it is also the country with the most significant effect on poverty eradication. At the end of 1978, the incidence of rural poverty reached 97.5%. Taking the population with rural household registration as a whole, the number of rural poor people was 770 million; After 40 years of government efforts, the incidence of rural poverty in China has dropped to 1.7% in 2018, creating a miracle in the history of poverty alleviation. With the substantial reduction of the rural poor, the strategic direction of our poverty alleviation policy has begun to adjust, opening a new era of poverty alleviation. In December 2014, the China's Central Economic Work Meeting put forward the goal of targeted poverty alleviation in 2015; On October 18, 2017, in his report to the 19th National Congress of the Communist Party of China, the General Secretary Xi Jinping emphasized that we should adhere to "targeted poverty alleviation".

According to the current situation, the poor people in China are concentrated in remote mountain areas, and it is difficult to effectively solve the poverty in these areas in the long run only by government policy subsidies and support. As a result, it is necessary to help local farmers establish long-term and stable agricultural production and marketing channels. While

the Chinese government is vigorously developing infrastructure in rural and mountainous areas, many large e-commerce enterprises represented by Pinduoduo, are also actively responding to the national call, vigorously participating in the cause of poverty alleviation and agricultural support, using their own advantages of e-commerce sales, integrating the entire chain including the source purchase of agricultural products, logistics distribution, consumer terminal services, and solving the problems of agricultural production and sales in remote mountainous areas, so as to support the local agricultural development, improve the local economic level.

2. Literature review

The key content of this section is to sort out the relevant literature and data on the motivation of enterprises' participation in poverty alleviation, the influencing factors of enterprises' participation in poverty alleviation, and the impact of enterprises' participation in poverty alleviation on performance, so as to provide theoretical support for subsequent researches and conclusions.

Zhuang Tianhui et al. (2015) believed that for market economy entities, the motivation to participate in the targeted poverty alleviation is first of all social responsibility. Undertaking social responsibility can also improve their corporate image, indirectly improve their business performance, and directly enhance the interests of market organizations by participating in poverty alleviation projects to expand the market and business scope.

Shan Liwei et al. (2008) found that in order to obtain advertising effect and a stronger economic motivation, industries that have more contact with consumers will donate more than other industries to fulfill their social responsibilities; Similar to the research of Shan Liwei et al., Zhang Zhengyong and other scholars (2012) found that consumer sensitivity affects the performance of social responsibility of listed companies. Listed companies with higher consumer sensitivity are more likely to be recognized by consumers by fulfilling their social responsibilities.

Hu Haozhi and Zhang Xiuping (2020) studied the companies that continued to participate in poverty alleviation from 2016 to 2018, and found that the larger the scale of listed companies' participation in targeted poverty alleviation, the more significant the improvement of corporate performance. The mechanism is that by participating in targeted poverty alleviation, listed companies can obtain more market resources and ease the financing constraints of enterprises, and also directly obtain government subsidies and other political resources, thus promoting the growth of enterprise performance.

3. Research methods

After synthesizing domestic and foreign literature, the following research methods are adopted in this paper:

3.1 Non-participatory observation method. The non-participatory observation method means that the researchers will be outside of the objects or phenomenon observed, and will be a bystander to understand the development of things, but not enter the daily life of the research objects. This research method allows researchers to keep a certain distance from the research objects and observe the behaviors of the research objects with an objective attitude. This paper analyzes the Pinduoduo's agricultural support and poverty alleviation project in the non-participatory observation method.

3.2 Secondary data collection method. The secondary data refers to the data that can be used only through the use of ready-made data or further processing and refining through scattered texts. This paper searches and selects a large number of documents and materials of

CNKI, Wanfang Data, various journals and magazines to compare the relevant poverty alleviation policies in China with traditional agricultural product sales channels.

3.3 Case analysis method. This paper adopts the case analysis method to study the motivation and measures of e-commerce enterprises represented by Pinduoduo to help the poor. After analyzing specific cases, this paper compares their measures with the poverty alleviation measures of other institutions and enterprises, analyzes the poverty alleviation effect of "Pinduoduo" in combination with the local economic development and changes, and analyzes its mechanism based on relevant theories.

4. Analysis on the effect of Pinduoduo's agricultural support and poverty alleviation

4.1 Introduction to Pinduoduo

Pinduoduo was founded in April 2015, and it took advantage of the rapid spread of the Internet to quickly occupied the Internet market by means of "sharing shopping" and "bargainirng", created a new track in the e-commerce industry with many large e-commerce businesses in a short time, broke the barriers of Taobao and JD, left behind the old e-commerce predecessors such as ZYMP and Dangdang, and became one of the three domestic e-commerce giants. After its establishment, Pinduoduo only took 3 years to be listed on NASDAQ (NASDAQ: PDD) in the United States in July 2018, creating the fastest record of domestic enterprises listing in the United States. According to Pinduoduo's 2021 Financial Report, its annual operating income is RMB 93.9499 billion; By the end of 2021, the number of active buyers in Pinduoduo has reached 868.7 million.

The sales of agricultural products is one of the first sub-categories and one of the core projects of Pinduoduo. At the beginning of its establishment, it has a foundation of poverty alleviation and agricultural support and huge development potential. In 2019, the turnover of agricultural products was more than RMB 136.4 billion and the cumulative number of driving people living in poverty exceeded 1 million; in 2020, the turnover of agricultural and sideline products on Pinduoduo platform exceeded RMB 270 billion.

4.2 Motivation of Pinduoduo's agricultural support and poverty alleviation

4.2.1 The core development idea of Pinduoduo closely follows the national policies and has been at the level of agricultural support and poverty alleviation.

The issues of agriculture, rural areas and farmers are the problems that the state has been working hard to solve, and the state has frequently issued support policies aimed at agricultural support and poverty alleviation and rural revitalization. Pinduoduo adheres to the national policy of poverty alleviation and agricultural support, which can not only expand the market with unlimited potential, but also obtain privilege from the relevant preferential policies.

4.2.2 Expand market share, improve revenue performance, and enhance enterprise competitive advantage.

Pinduoduo adopts the mode of "sharing shopping"+"direct delivery from the origin", which has brought a huge amount of operating income while conducting the poverty alleviation and agricultural support. The sales of Pinduoduo agricultural products reached RMB 19.6 billion in 2016, increased significantly to RMB 68.3 billion in 2018, RMB 136.4 billion in 2019, and RMB 270 billion in 2020, almost appearing a trend of explosive growth, which has provided strong support for its performance growth and improved the recognition in the capital market.

With the slowing down of the growth rate of e-commerce industry and entering the era of stock, the sales of traditional household appliances, 3C appliances, cosmetics, foods, daily

necessities and other categories have entered a very competitive situation, making it difficult to expand market share. However, Pinduoduo has grasped the new blue ocean of e-commerce, namely agriculture, since its inception. Its large amount of investment in agriculture is not only to adapt to the current situation, but also to enhance the demand for competitive advantage.

4.2.3 Expand the scope of services and obtain consumer recognition.

Pinduoduo provides consumers with more high-quality agricultural products and more choices through its unique approach of agricultural support and poverty alleviation; at the same time, it also allows consumers to participate in activities, such as "Duoduo Orchard", "Duoduo Agricultural Support" and other activities to improve consumers' recognition and stickiness. It has constantly participated in and carried out activities and projects related to agricultural support and poverty alleviation, bringing high-quality agricultural products from all over the country to consumers and gaining higher recognition from consumers.

4.2.4 Undertake social responsibility and improve corporate reputation

The standard for measuring an enterprise's achievements lies not only in its market efficiency, but also in its social responsibility. Pinduoduo always implements the concept of agricultural support and poverty alleviation, constantly gives back to the society and drives the vast rural areas to develop together with its own development. Since 2018, Pinduoduo has started the path of agricultural support and poverty alleviation. First, it created "Duoduo University", "Duoduo Agricultural Products" and "Special Team for Poverty Alleviation". On April 21, 2019, Pinduoduo launched the "Duoduo Plantation Plan" to retain talents, technologies and funds in the countryside and stimulate the growth of rural economy. In this process, Pinduoduo has won a good social reputation. In particular, on February 25, 2021, at the National Poverty Alleviation Summary and Commendation Conference held in the Great Hall of the People, Pinduoduo won the highest standard recognition of the "National Advanced Collective in Poverty Alleviation".

4.3 Mode of Pinduoduo's agricultural support and poverty alleviation

Before Pinduoduo, many e-commerce enterprises implemented e-commerce measures for agricultural products, but the latter only called on farmers to open online stores, sell agricultural products, do training, and do logistics, which has not achieved satisfactory results. In the final analysis, these "seniors" only provided the end sales window and strengthened the logistics transportation in the middle, but they did not create a good and smooth sales channel for the front farm to the final consumers, nor did they provide a stable "order source" for agricultural products in various regions. However, Pinduoduo adopts different methods. It takes full advantage of its vast number of users, explores the innovative mode of the flow of various orders, provides a continuous demand for agricultural products in rural areas, and uses its strong operation and management capabilities to open up the fast transportation channels from rural areas to consumers, so as to deliver fresh agricultural products to consumers in a short time.

From a commercial perspective, Pinduoduo focuses on the core business concept of "sharing shopping", goes deep into rural front-line sites, adheres to "direct delivery from the origin", achieves fission increment through social platforms, and adopts the "goods to find people" mode to match production and demand. Consumers can recommend "sharing shopping" to each other through social software, multiplying the number of consumers directly participating in shopping, bargaining and purchasing. This mode allows small farmers to get rid of their dependence on traditional sales channels of "wholesale and acquisition at low prices", directly connect with consumers at the end of the consumption chain, bring more orders and

higher unit sales prices to small farmers around the country, and finally increase their income and remove the "poverty condition" with their own actual labor.

Pinduoduo not only opens the market for farmers online in the cloud, but also cooperates with local governments to organize offline activities to help farmers. On October 11, 2018, Pinduoduo, together with the Shanghai government, held a large-scale public welfare activity with the theme of "Run! Citrus!" in Baili Huang Scenic Area, Yiling District, Yichang City, Hubei Province. In 10 days, Pinduoduo sold 50,000 cases of Yiling citrus, totaling 210,000 jin. After the event, Yiling Citrus also gained popularity nationwide and became a "popular fruit". Its sales volume was in short supply, bringing a long-term stable demand to local farmers.

4.4 Effect of Pinduoduo's agricultural support and poverty alleviation

As of June 2018, Pinduoduo has invested RMB 6.7 billion accumulatively to help more than 100,000 poor families file and register, support more than 80,000 merchants of agricultural products, and promote the employment of more than 7 million people including various platforms, express logistics personnel, etc. More than 40 million consumers have purchased Pinduoduo agricultural products of poverty alleviation and agricultural support through the Pinduoduo platform, generating more than 1.2 billion orders for poverty alleviation and agricultural support, which has helped farmers nationwide sell 3.67 million tons of agricultural and sideline products. By 2020, the turnover of agricultural and sideline products of Pinduoduo exceeded RMB 270 billion, becoming the largest agricultural product uplink platform in China.

According to the distribution area of Pinduoduo's agricultural support orders, most of the orders come from remote and poor regions, covering 730 national poor counties, and solving the difficulties and problems of millions of poor households in selling goods. Pinduoduo has cultivated more than 100,000 professional handover teams of agricultural products, grasped the integration of resources in product selection, quality control and supply chain, created a complete closed-loop network, and continuously transported agricultural products from all over the country to the whole country, so that Pinduoduo's targeted poverty alleviation policy can be implemented on a long-term basis, and thoroughly solve the local poverty problems.

5. Conclusions and recommendations

The problem of poverty has plagued all mankind, and so far there is no effective and comprehensive solution to the problem of food and clothing for all mankind. China, in particular, once had the largest number of poor people in the world who have not been able to solve their problem of food and clothing. Since the founding of the People's Republic of China and the reform and opening up, China's economy has been developing at a high speed for decades, so the government can comprehensively solve the problem of poverty. Pinduoduo is an enterprise with a sense of social responsibility. At the beginning of its establishment, Pinduoduo started its business by selling agricultural products. Now it has become a unicorn enterprise with a maximum market value of more than USD 200 billion. However, it has always adhered to its original intention to give back to the society by agricultural support and poverty alleviation. In this process, Pinduoduo has also gained the rewards of its rapid development.

Many western entrepreneurs will set up their own charitable funds to give back to the society after they have made brilliant achievements in their career. And Pinduoduo takes another road. It takes full advantage of its own advantages and uses "bargaining instead of donation" to explore a new model of promoting agriculture by applying scientific and technological advances + supporting agriculture through e-commerce, creating a successful case of targeted poverty alleviation. With billions of investment, it has generated tens of billions

of orders for agricultural support products, boosted hundreds of billions of agricultural product markets, and helped farmers increase their incomes by tens of billions. This mode has a higher input-output ratio, a better effect and a longer duration of agricultural support than the traditional mode.

The new agricultural support model, i.e. "sharing shopping"+"direct delivery from the origin", explored by Pinduoduo has achieved great success and is still expanding and developing. It helps our government solve the poverty problems in remote mountainous areas and rural areas, which is worth learning from many developing countries committed to solving poverty problems. We hope that Pinduoduo can respond to the call of "a community with a shared future for mankind" advocated by the Party and state leaders from an international perspective, and extend its model of agricultural support and poverty alleviation explored in China to poor rural areas around the world. We hope to use Pinduoduo's huge e-commerce market and operation and management capabilities to sell agricultural products from poor rural areas in Asia, Africa and Latin America to domestic and international markets, so as to promote the development of rural economy in poor areas abroad and bring agricultural products with foreign characteristics to domestic consumers.

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