

4 Why this issue is important in general?

Price is a very important factor in sales. Different products have different pricing strategies. With "¥9.9, free delivery" strategy, Pinduoduo has grown fast, even once outstripping e-commerce leader Alibaba in market capitalisation. Therefore, studying the pricing strategies is useful to understand the internal logic of the e-commerce.

Moreover, the price of express delivery will undoubtedly have an important impact on the circulation of goods. Now China's express delivery industry is developing rapidly. The online-shop pricing rules can help us understand the supply chain secrets behind e-commerce, and grasp its development trend.

5 Two explanations for this puzzle

Explanation 1 (From the cost perspective): In common, Such commodities are daily consumables or small pieces, with huge and stable demand. Therefore, through negotiating with the delivery firm, the merchants can reduce the fee of a single piece to 1 - 3 yuan, which is still profitable. Therefore merchants do make small profits but quick turnover.

Explanation 2 (From the strategic perspective): Firstly, This is mainly to increase store weight and attract customers at low prices (Actually, the platform will allocate online stores traffic according to the business turnover) and then guiding customers to buy other products in the store. Secondly, when pointing into the product's link, the anchoring effect may be used in the setting of low-price items which in order to highlight the cost performance of other combinations of goods. Thirdly, Merchant can also use low-price goods to harvest customers' favorable impression. At the same time with the help of cashing back to customers who give good feedback to brush, it quickly obtain a large number of good reviews to enhance the reputation and heat of the store.