WECHAT AND GLOBAL PRESENCE

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ABSTRACT

WeChat as a third party software that exists in the current market, is an instant messaging application that enables users to send voice, video, pictures and text to their contacts through mobile network. WeChat is free to install, use, and download, and supports all smartphone platforms including iPhone, Android, and Windows Phone operating systems. Nowadays, WeChat has become an important social media platform in China and has enter Malaysia market in 2012 but officially launched in 2013. This assignment has divided into five main parts which is background of WeChat’s company and product, environment analysis, marketing strategy, segmentation and targeting, and recommendation for WeChat. The objective of this assignment is to give the reader an overview of WeChat marketing in Malaysia. In the environment analysis section, SWOT, PESTLE, VRIO analysis have been provided. Here the reader will all be able to find out the internal and external analysis of WeChat and find the competitive advantage of WeChat through the VRIO analysis. In the marketing strategy section, 4Ps of the marketing mix which include product, price, place and promotion has shed lights on the performance of WeChat. Through the segmentation section, able to study the demographic, psychographic, behaviour and benefit segmentation of WeChat. Reader will find out how WeChat target their users in which
kind of the segmentation. Lastly, the recommendation for the company’s issue and future prospects.

Key Words: Strategy, WeChat, Business Performance

INTRODUCTION

Nowadays, the rise of smartphones and the penetration of mobile internet has changed people’s lives more convenient. Chat apps that made by Asia are growing in fast progress, especially in the Asian region (Hui, 2013). WeChat is a mobile service which developed by Tencent Holdings Limited and releases in January 2011 in China. During the analysis, first of all, the background of WeChat will be presented; secondly, the SWOT model, PESTLE model, and VRIO model will be used to critically analyse the operation of WeChat; thirdly, the special strategy of WeChat will be studied; then there will be suggestion for the issue WeChat faced. Finally, there will be a brief conclusion.

Company Profile (China and Malaysia)

Tencent Inc. whose specialize in various internet relate to entertainment, artificial intelligence technology, services, and products was founded in November 1998 in China. As the world's largest gaming and social media company, Tencent has gain one of the world’s valuable technology companies, and one of the world’s largest venture capital firms and investment corporations at the same time (Tencent, 2018). In June 2004, Tencent Holdings Limited (SEHK 700) has listed on the Hong Kong Stock Exchange. Tencent’s mission is to lift the quality of people living standard through Internet services. Therefore, Tencent provides their user mobile and telecom services, online advertising, and value-added Internet under a “one-stop online lifestyle services” strategic goal (Jun Wu, Qingqing Wan, 2014). QQ.com, QQ Instant Messenger, QQ Space and QQ Games which belongs to Tencent’s main internet platforms have connected China into the biggest internet community. These have met various needs of Internet users such as entertainment, information, e-commerce, and social life. At the end of 2010, mobile Internet users had occupied 66.2 percent of the total number of netizens in China when Internet users have changed to the
new era of mobile Internet (The emergence of Mobile Internet, Weibo, and Group Purchase, 2011). Ma Huateng, Chairman and CEO of Tencent, said that Tencent should always hold industry evolution in astonishment and commit themselves to provide better service (Zhu, 2017). In 2013, Tencent opened a branch office in Malaysia, following along with the success of its mobile chat app, WeChat. The company work to further localize and popularize WeChat, introduce new Tencent products to the Malaysian market, and it try to become a new source of exits for Malaysian start-ups. The office’s address is Level 17, Suite 02 & 03, The Centrepoint South Tower, Lingkaran Syed Putra, Mid Valley City, 59200 Kuala Lumpur, Federal Territory of Kuala Lumpur.

Tencent has appointed senior executive vice president SY Lau as chairman for Tencent Advertising and chairman of group marketing and global branding. Tencent’s chief operation officer Mark Ren Yuxin will be president of the online media group (Malaysia's SY Lau named chairman for Tencent Advertising, 2017).

**Product Background**

WeChat is a social networking mobile app, and mobile payment app. WeChat’s service functions include text messaging, hold-to-talk voice message, group messaging, photo and video sharing, location to friends, information exchange, play video game, e-commerce, and e-payment (Wechat, 2018). At first, this mobile app called Weixin in Chinese which mean “micro letters” and it been created to bring down the telco barriers that existed between people (Millward, 2018). It has been created with basic features which are text messaging, creating voice clips and sending photo. In 2011, WeChat released 45 versions and keep modernize almost once a week. WeChat from a provider of “free messaging with photos” has integrated to “the most favoured mobile instant messenger” in China (Zhu, 2017). Nowadays, WeChat has become a combination of Facebook, Twitter, WhatsApp, Instagram, Skype, and Alipay. WeChat started launched to global in 2012 with added English, Thai, Vietnamese, Indonesian and Portuguese languages (Millward, 2018). Tencent pushed WeChat into India and other
markets in that year. WeChat has been available since June 2012 in Malaysia because Tencent saw the
expand opportunity in Malaysia market. Then, WeChat has officially launched in April 2013, in Malaysia. Tencent has released TV commercials in Malaysia Nation Language to promote WeChat app and its features and also appointed local celebrities as WeChat brand ambassadors for Malaysia. During that time, WeChat has partnered with some brands such as Chetime a Malaysia tea company and Domino to provide WeChat users some promotion. For instance, If WeChat users follow Domino’s official account, they will get a coupon code at Domino’s website. In addition, by using iPhone app purchase of a regular pizza at a standard price, can purchase a second regular pizza for RM1 (WECHAT Officially Launched in Malaysia!, 2013). In 2017, there are 20 million active WeChat users from Malaysia from a total of 980 million WeChat monthly active users (Hollander, 2017). The latest development of WeChat in Malaysia is WeChat launched its mobile payments platform in Malaysia which is Tencent’s first market in Asia beyond China and Hong Kong (Palma, 2018). When Tencent was granted a mobile payment license by Malaysia, it makes WeChat move forward in international growth.

**PESTLE ANALYSIS**

**Political**

Malaysia is under a framework of federal constitutional monarchy with a governance system of multi-party democracy. Malaysia has vibrant and stable political environment in terms of politic institution as GII ranked Malaysia 43rd in the world (Global Innovation Index 2018, 2018). Recently, Malaysia government has issue with China infrastructure projects in Malaysia and this may influence the relationship between China and Malaysia (Xirui, 2018). This will affect China company develop in Malaysia indirectly and WeChat may face this issue.

**Economic**
Richard Record (2018) has stated Malaysia as a highly open trade-oriented economy continues to gain profit for its export from strong global demand. The reforms that respond to the election to increase inclusiveness and sustain growth would compatible with Malaysia to become a high-income society. Additionally, to ensure Malaysia’s successful transition, the potential of the digital economy unlocking will be key to be a high income and developed economy (Richard Record, 2018). Thus, the potential of Malaysia’s digital economy and the good economic situation will be one of the attractive economic factors to WeChat.

Social

Malaysia is a multi-cultural society consisted of the Malays, Chinese and Indians. Malaysia has more than one-fifth ethnic Chinese in total population which easily advertise a China product to them. Thus, WeChat Pay has launched in Malaysia as a first Asian market except from China and Hong Kong. Zhang and Rau (2015) revealed that WeChat Malaysian users increased broadly with 1,187 percent, 156 percent globally by the year 2014. The popularity of the WeChat has led it to become the top ranked application in the Android and the iOS App store in Malaysia (Sui, 2015).

Technological

Malaysia government has invested heavily in digital technologies which result in a high level of digital adoption. However, Malaysia technology in internet connection and digital business adoption is lagging behind other countries (Richard Record, 2018). If Malaysia success to growth technology, these technologies will be enabling businesses to provide cheaper, faster and more convenient services. The potential of Malaysia has been showed to WeChat as the development in technology has been attached great importance by its government.

Legal

Malaysia legal policy is more freely compared to China strictly control its people, thus, the control management on mainstream media is more
loosen and fairly free Internet are enjoying by Malaysian. Unlike Internet users in China has been strict by censorship laws, Malaysians have free access to a variety of critical and uncensored online sources which can provide different sources information (Lars Willnat , W. Joann Wong , Ezhar Tamam & Annette Aw, 2013). The totally difference legal policy that in China and Malaysia will be a challenge for WeChat to expand Malaysia market more deeply.

**Environment**

Malaysia has a favourable geographical location which protected from some natural disasters such as volcanoes and earthquake. The climate of Malaysia is categorised as equatorial which being hot and humid throughout the year. Due to WeChat is an online service app, the geographical and climate will not affect WeChat decision to enter into Malaysia.

**SWOT ANALYSIS**

**Strength**

The key strength of WeChat is its diversity, uniqueness and convenience compare to other social networks. As my product introduce, current WeChat is a combination of consumers need in its features. WeChat is not only a social communication app but includes more than 20 industries program features with transportation, e-commerce, utilities, lifestyle, technology and payment (Benji, 2017). Thus, WeChat work well in gathering consumer needs and efficiency produce them relevant services. WeChat has its strong influential power towards all WeChat users which include sellers, consumers, institutions and citizens especially in China due to WeChat be extensively used. In addition, WeChat has enhanced its high speed of spreading information with strong distribution network which make sure its service is available easily to a large number of users in a timely manner (WeChat SWOT Analysis / Matrix, 2017).
Weakness

The biggest weakness of WeChat is the services and products are mainly based on Chinese culture and the main users of WeChat is Chinese user (The most downloaded instant messaging apps, 2014). This become weakness when Tencent do WeChat global expansion. Another weakness is the safety issue of WeChat while WeChat have more features for their users. Since WeChat provide sharing users’ location and money payment services, there are some criminal crimes about users’ safety and disclosure users’ bank information have been social problem (Jun Wu, Qingqing Wan, 2014).

Opportunity

The biggest opportunity of WeChat is combining by its strength and weakness which is WeChat can use it uniqueness compare to other social networks promotes itself to global expansion. In other words, WeChat should provide its service more convenient not only for Chinese users but the worldwide users. Although it may be hard for WeChat to get permission in other countries to promote its unique service, it is worth for WeChat global expansion especially they had success to launch a money payment system in South Africa and Malaysia. In my opinion, there are lots of WeChat users out of China are waiting for WeChat one-stop service in their country.

Threat

The threat that face by WeChat is the competitors of social media network around the world such as Facebook, WhatsApp, Weibo, Instagram, Bullet Message and so on. Although the features that provide by WeChat is more convenient and comprehensive, others network might copy the strategy and technology of WeChat. Additionally, the rapid development of internet and network make this industry highly competitive. In other countries, the potential local customer may be more familiar to other social network has added difficulty for WeChat to compete.
**VRIO MODEL ANALYSIS**

Table 1. VRIO Model

<table>
<thead>
<tr>
<th>Resource or Capability</th>
<th>Valuable</th>
<th>Rare</th>
<th>Costly to Imitate</th>
<th>Organizational to capture value</th>
<th>Competitive Implications</th>
<th>Economic Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sociability</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Sustained Advantage</td>
<td>Above Normal</td>
</tr>
<tr>
<td>Functionality</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Sustained Advantage</td>
<td>Above Normal</td>
</tr>
<tr>
<td>AI Technology</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Parity</td>
<td>Normal</td>
</tr>
</tbody>
</table>

**Sociability**

**Value:** WeChat sociability is valuable because it extends customer sociability by adding multimodality to voice and text communication, image and asynchronous, connect anywhere and anytime (Schroeder, 2016).

**Rare:** The rarity of WeChat is it has provided several ways for customers to extend their social life such as users can add friends by sweeping QR code, searching numbers to join a private group, shake feature and viewing the nearby people. Compare to WhatsApp just can add friends by contact number and Facebook add friends in the virtual world or add acquaintance, WeChat enhances customer sociability more convenience and more towards real world.

**Imitate:** It is costly to imitate WeChat sociability in short term because it will take time to develop and make some difference to distinguish the product. It may be easy to imitate in the future as the technology era growth faster.

**Organized:** WeChat has strong control in organized to capture value. The strengths of WeChat management are they take high responsible for the construction and operation of WeChat ecosystem, they try to
compete with their own product and emphasized group interaction in their management (Hariharan, 2017).

**Functionality**

**Value:** WeChat is a one-stop app with which almost provide daily concerns can be managed: from money transfers, online shopping, buying tickets for flights, train or events, even to arranging the collection of food from university canteen (Marketing with WeChat, 2016). WeChat more focus on measuring how deeply is their product involved in every aspect of customer daily life (Hariharan, 2017). They took highly effective, and ease to use as vital value to their customer’s product experience.

**Rare:** WeChat has an integrated approach which everything happens inside the app compare to its competitors which are distributed approaches such as Instagram and WhatsApp. Furthermore, WeChat as a social network application who can provide e-payment service at the same time has taken the first-comer advantage to compare to other competitors such as Facebook. It is because is hard to get banking license for apps to handled money in a third-party way in many countries. Although Alipay has the e-payment service, it belongs to a third-party payment method, not a social network based application. Thus, it is highly rare compared to its competitors who cannot support the same features at the same time.

**Imitation:** It is hard to imitate for other competitors because lots of the feature in WeChat may not be the strengths of other competitors. It will take time and spend lots research and development cost to imitate. Additionally, China is working hard to position itself as a leading centre of innovation by strengthening intellectual property protection for both domestic and foreign businesses (Prud'homme, 2017). Moreover, Internet Technology Innovation Patent Observation Report shows that Tencent has maintained the biggest number of patent applications in information search, database structure and other areas of research and development. Tencent has 6,285 patents far more than Baidu which is 903 patents and Alibaba which is 2,052
The authors have registered patents in digital information transmission patent application (Yoo, 2017). This has revealed Tencent’s product, WeChat has been protected by the rules and regulation.

**Organized:** WeChat operation management is more focus on more value they have created for users in their innovation. While they operate the features of WeChat, they paid attention to the motivation behind communication subtle difference and cultural behaviours to give users more than they could ever think to ask for (Hariharan, 2017). Besides, WeChat believes that monetization and user growth are not mutually exclusive, they have been prepared for monetization and even uses it as a force to boost the overall product experience (Hariharan, 2017).

**Artificial Intelligence (AI) Technology**

**Value:** WeChat is under Tencent’s product and its mission is to become the most esteem internet enterprise. Tencent has dedicate to AI in one of its slogans, “AI in all”. Tencent now has exploit with some AI partnerships such as Healthcare AI, Babylon Health by using WeChat services as an AI investment. These services helps train AI algorithms through Tencent collecting valuable consumer data (Marr, 2018).

**Rare:** Nowadays we talk about AI and Big Data, the AI technology may be new to lots company and for Tencent they are still in research and development circumstances. Thus, they have no rare compare to its competitors, Facebook which can add attractive and relevant content to users’ News Feed by AI technology (R., 2018).

**Imitation:** It is not costly to imitate the AI technology of WeChat features such as voice recognition, face recognition, translation and WeChat AI robot. Due to WeChat is still in developing AI technology situation, most of the AI function has been provided by other application in a better way. Siri and other maps application has the AI voice recognition; Facebook and Apple use the face recognition to recognize people on pictures; Google has the AI translation
technology; Apple has the Siri as AI robot in smartphone (Graziani, 5 WeChat accounts using Artificial Intelligence, 2016).

**Organized:** Although WeChat have no remarkable result in AI technology, the company is dedicating to develop AI technology and product. Tencent has set up Youtu labs, Tencent AI labs, WeChat’s Artificial Intelligence Team to reach their vision which is make AI everywhere (Brennan, A DEEP DIVE INTO TENCENT’S RESTRUCTURING: THE STRUGGLE TO MASTER B2B, 2018). They focus on research in speech recognition, natural language processing and computer vision, machine learning, and to develop practical AI applications for business in the areas of content, social services, online games and cloud services (Marr, 2018). Moreover, the management team has stated that the company’s silo culture which had helped create WeChat success, will need to change to a more collaborative approach when they succeed in AI area (Celia Chen, 2018).

**Marketing Strategy - WeChat 5.1 Product**

WeChat has restructured the interpersonal and system of person and vendor services, especially in China. Its main product is a social messaging application but lots of business have taken it as a communication channel. WeChat offers enterprises “Official Accounts” for brands to create social media outreach and sale of the service or product. Apart from the multi-communication and sociality functions, WeChat has provided lots feature and mini program which include games, Moments, WeChat Run, Reading and variety of stickers (WeChat Marketing Mix (4Ps) Strategy, n.d.).

**Price**

WeChat is free application to downloaded and core features can be used for all their users but some additional items such as game items and additional stickers are chargeable. For the normal user to have an account is free of charge, however, for WeChat Official Account register is chargeable. There are four accounts under the WeChat Official Account which include Subscription Account, Service Account, Mini Program and Enterprise Account. From the below Figure 5.2.1,
each account has different price and there is different condition and additional charge from each posted review (Iurlov, 2017).

**Place**

WeChat main market is more focus on where more Chinese located as it is a Chinese based social media application. In China, WeChat is 93 percent which is almost fully saturated in tier 1 and 2 cities by the collected data from WeChat Pay users (Brennan, 2017 WeChat User Report is Out!, 2017). Brennan (2017) also stated that WeChat has started to penetrate in tier 3 and 4 cities. These few years WeChat has gone beyond China’s market such as Japan, United States, Malaysia and South Africa. In the United States, WeChat has enabled users the money transfer option in over 200 countries via WU Platform by having collaboration with Western Union Money transfer (WeChat Marketing Mix (4Ps) Strategy, n.d.). Other than that, South Africa is the first market that Tencent expand WeChat towards global with launched WeChat Wallet in 2015. This is because Tencent’s largest shareholders, Naspers is the South Africa's largest media group, they have given huge support for WeChat expand in South Africa. Moreover, Tencent has collaborated with SPAP, Cambridge Food Stores, McDonald’s South Africa and other retailer to enter South Africa market (Linli, 2015).

**Promotion**

WeChat promote themselves to users with the concepts of “WeChat is a lifestyle” and they pursuing this vision through different platforms, designs and services. With the powerful backer, Tencent, WeChat has large digital presence with lots of Blogs, Technical discussions, news and review articles (WeChat Marketing Mix (4Ps) Strategy, n.d.). Otherwise, WeChat has promotion through events like Comin Con Hyderabad, 2015 where World Sticker Day was celebrated, and winner of the Sticker Challenge were announced. Over 10,000 people visited the event (Celebrating WeChat India World Sticker Day at Comic-Con Hyderabad, 2015). In April 2018, WeChat announced it has sponsors top Chinese international golf professionals Li Haotong, Dou Zecheng and Lin Xiyu, to introduce its brand values to overseas consumers
through the popular sport (WeChat Sponsors Top Chinese International Golf Professionals, Expands Global Visibility, 2018).

**Marketing Strategy- WeChat Pay 6.1 Product**

WeChat Pay is an integrated feature provided by WeChat as a third payment party for its users to enable rapid payment transactions on mobile phones. WeChat Pay functions on the basis of swift payment through the use of connected bank cards, providing safe and efficient payment services for users (Payment, n.d.). WeChat Pay service explores and optimizes consumption experience, provides executive internet solutions for physical business by having combined with WeChat official accounts (Frequently Asked Questions, n.d.). WeChat Pay was first created just to enable P2P transfers and in-app purchases on public accounts. However, as mobile commerce took off and reshaped lifestyles, WeChat Pay quickly expanded its features and started competing with Alipay in many areas. WeChat Pay is not as strong in other aspects of financial services, besides offering money market investment accounts similar to YuEBao. The in-app purchase function enabled WeChat to build a huge ecosystem of public accounts of brands and independent publishers. Brands can easily push notifications for sales and discounts to encourage in-app transactions. Independent publishers can accept micro-payments for “likes” on their articles, something Bitcoin was trying to achieve in the rest of the world. This in-app purchase function of WeChat Pay is stronger than Alipay. Public accounts have been so widely adopted by global luxury retail and hotel brands that WeChat has become the best Mobile-CRM tool—recent survey showed that 92% of these global brands actively manage their WeChat public accounts. Unlike traditional CRM tools, WeChat enables brands to do better-targeted campaigns based on consumer persona using WeChat data, as well as 1-on-1 customer interactions via the messaging and chatbot channels. Although Tencent was not established as an ecommerce store, Meilishuo and JD.com are connected on WeChat Pay thanks strategic investment and partnership. Besides, WeChat Pay brought in Meituan as a partner for food delivery service, as well as 58.com, the craigslist of China, for handyman
services. While on in-store shopping function, almost all shopping malls in China accept WeChat Pay by scanning QR code on POS, whether it’s a fully automated vending machines or traditional checkout counters with an attendant. The lowest-cost version for the vendor can even be just a piece of paper printed with the QR code, which the shopper can pay by simply scanning that code. This capital-light and frictionless way of accepting payments was exactly why China has already become a largely cashless society. As I had introduced before, WeChat Pay has launched in Malaysia as WeChat Pay MY but the features are less than WeChat Pay in China. WeChat Pay MY has the function in Quick Pay, Debit Card Binding, Money Packet, Prepaid Top-Up, Bus and Airline Ticket Purchase and Wallet Balance Withdrawal. Compare to function in China, WeChat Pay MY has not integrated development such as transfer currencies function has not been provided. Due to the WeChat is China product and the system different in Malaysia, some of the Malaysian mobile phone has suffer in incomplete function. Compared to China bank totally acceptable attitude, the cooperation with Malaysia’s banks is still in the early stages of development.

Price

For the WeChat Pay, there is free charge from WeChat for any registration fee or monthly maintenance fee and each transaction payment but if user use card to transact within WeChat Wallet, bank card transaction or service fees will be charged by user’s bank (Gaynor, 2018). In transaction fees, WeChat Pay charges 0.1% for withdrawals more than $153 and Alipay charges 0.1% for withdrawals more than $2,897. This is to encourage the users not to withdraw so much. Most of the business account in WeChat will use WeChat Pay functions to settle the trade payment with their customer. With the service account, the account owner can reach WeChat Pay or Tencent authorised agents to settle cross-border payments. The minimum amount of transfer to Merchant by WeChat Pay is US$5,000 or its equivalent in other currencies. It charges 0.6% of cash out commission. Settlement shall be made based on T+1. The handling fee of transfer
will be shared between WeChat Pay and merchants. Payment agents charge slightly more commissions on each transaction, usually 2%-3%. But they are easy to setup, and they have more flexible settlement policies (WeChat e-commerce, 2018).

Place

The strategies of WeChat Pay going global are meet the payment needs of Chinese outbound tourists, get partnerships based on local policies and business ecology and improve payment technology and marketing. To meet the potential overseas payment needs of these 800 million users, WeChat has suspended attempts to develop a local version of WeChat in some overseas markets, and has focused on signing up overseas merchants who accept WeChat Pay. In this way, Chinese tourists can continue to use WeChat Pay abroad. The American mobile payment platform Citcon announced a partnership with WeChat Pay last year. In addition, WeChat Pay entered into partnerships with tax refund companies in early 2018. Therefore, Chinese tourists can get a tax refund directly through the app on their mobile phones without queuing at the airport. WeChat Pay also plans to offer in-store tax rebates to foreign visitors. All of these agreements focus on getting more foreign merchants to accept WeChat Pay. In this way, Chinese tourists can use their favourite mobile payments to complete transactions wherever they are. In overseas markets, WeChat Pay are leveraging their partners existing connections with American merchants to attract more American merchants to join in. WeChat Pay is lagging behind in terms of global expansion and partnership, mostly because Tencent is not an ecommerce company and thus doesn’t enjoy the synergies with the ecommerce and logistics platforms. Also, Tencent doesn’t have an equivalent of Ant Financial—an independent financial services arm to design and implement coherent corporate strategies. Therefore, we still haven’t seen significant presence of WeChat Pay POS solutions outside of the greater China area, but shops and merchants should never discount the financial benefit associated with accepting WeChat Pay, based on its vast user base and purchasing power. In addition, Alipay supports all smartphones and desktops while WeChat Pay only
supports Smartphones. Alipay supports 18 world currencies while WeChat Pay only supports 9 world currencies. In Malaysia, WeChat choose to have collaboration with Hong Leong Bank Berhad to provide WeChat Pay payment solution (Group Corporate Affairs & Public Relations, 2017). Recently, they start have cooperation with other bank in Malaysia such as Maybank but it seems to be a short term collaboration or promotion which may need to deal more in future. Tencent had chosen Malaysia because there are 20 million WeChat users and the local market is more acceptable towards Internet products from China (Lim, 2017). However, Alipay has launched in Malaysia early than WeChat which is 2017 and Alipay has partnered with Maybank, CIMB, Genting, and Public Bank to introduce cashless payment via digital payment service (Lim, 2017). In addition, Alipay remains strong the best E-commerce payment facility for retailers and wholesalers around the world. Thus, WeChat Pay has to face its biggest competitors, Alipay in Malaysia.

Promotion

Tencent showed their strong technology that it can convert users to shoppers on WeChat when they launched a popularity red packet promotion during Chinese New Year. That promotion allowed users to send virtual cash-filled red packet over WeChat and more than 14.2 million users input their credit and cash card data to use the service during the period (Young, 2014). Tencent participated in many conferences to promote and inform about its subsidiaries which can received specified amount with warmed personalized message at the same time. Besides, WeChat Pay in Malaysia had collaboration with Starbucks and Maybank which provided offer by using WeChat Pay to pay. During 11st November to 12nd December 2018, the WeChat use top up their WeChat Pay Wallet with Maybank Debit Card and use it to pay for Starbucks payment will get certain offer. For example, RM1 for Grande sized Americano, RM 6 for any other handcrafted beverages which is Grande size, RM 13 for any other Grande size handcrafted beverages and RM 15 at Starbucks Outlets in Genting Highlands. Each WeChat Pay user is entitled for the special price ONCE per day and
maximum TWICE throughout the Promotion Period (WeChat Pay Promotion at Starbucks, 2018). Furthermore, WeChat Pay MY has launched a promo where users are able to receive an instant rebate of RM 20 for purchases of at least RM 40 at Petron service stations in the earlier December of 2018. Given that consumers can actually use the rebate to even purchase petrol for their vehicles, the promo has immediately gained traction among consumers. However, those who plan to utilize the rebate should do it as soon as possible as WeChat Pay MY has announced that the promo will be ending soon. Originally, the e-wallet provider stated that the promo will run until 31 January 2019. This promotion is coming with first come, first serve concept (Charpree, 2018). WeChat in Malaysia are now trying to get more users by having cooperation with other business partner such as Regiustea has launched a promo plan which is member of them show their Regiustea WeChat membership will enjoy a special promotion on Wednesday. Moreover, My Home Home Exhibition has gave their consumer “My Home WeChat” branded cash vouchers for extra rebates at 27 selected brands from mattresses, sofas and electrical appliances when the consumers follow its account on WeChat (My Home WeChat branded RM300 cash vouchers, 2018).

Segmentation - Age

![More balanced age distribution of WeChat users](image)

*Figure 1 Age Distribution of WeChat Users (Graziani, WeChat impact report 2018, 2018)*
From the figure above, WeChat is more focus for users that enter into workforce which age is between 18 to 36. The teenagers now are more focus on some social apps that show live stream and short videos such as DouYin and YouTube. Therefore, the users of WeChat that under age 18 are growing slowly. Besides, WeChat users have moved forward to middle age and senior age groups due to the convenience and easy operation of WeChat.

**Gender**

![WeChat User Gender Distribution](image1)

Figure 2 WeChat – Gender and User Employment Status (Graziani, WeChat Impact Report 2016, 2018)

There are more male WeChat Users, 67.5 percent which is higher than in 2015, 64.3 percent. Opeyemi (2017) stated that male often use mobile application to find new friends to avoid loneliness and female use it to maintain old relationships. Thus, it may be factors that affect male use more social mobile application than female. WeChat users mostly fall into three groups which are corporate worker, freelance and unemployed users who mostly are student. The corporate workers are the largest user group which have 40.4 percent. The employment status has shown most of the users are belongs to stable income group who have higher purchasing power than other groups. Therefore, WeChat should target its users in the stable income group by providing relevant features to make users feel WeChat is indispensable.
Psychographic - Attitude to add new WeChat’s contact

**Figure 3** Users’ attitude toward new WeChat contacts (Brennan, 2017 WeChat User Report is Out!, 2017)

WeChat can segment their product by following users’ attitude such as attitude toward adding new WeChat contact. According to the data display, most of the users add new contact because of their work needs and the second factor to add new contact is friends and family. Thus, WeChat may more focus on worker group to develop the market in Malaysia because the add friend function of WeChat is more emphasis quick and convenient.

Attitude towards WeChat Moment preferences:

**Figure 4** Users’ attitude toward Moment Preferences (Brennan, 2017 WeChat User Report is Out!, 2017)
WeChat users show their preference in seeing and sharing their personal life to their friend, however, the advertisement of brands occur is out of users’ favour. Due to the social media sharing trends, most of the mobile users would like to draw attention from others no matter they are Generation Y or Generation Z (Lua, 2018). By this segmentation, WeChat had clearly understood their user preference and they have take strong control in the advertisement with limit the advertisement frequency of occurrence.

Lifestyle of Malaysian in Internet Usage compare to WeChat Users:

Figure 5 Malaysian Internet Usage (Ahmad, 2018)
Figure 6. WeChat Activities conducted by WeChat Users in March 2016 (Digital Marketing China, 2016)

Figure 7.3.2 Number of Times per Day that WeChat Users in China open WeChat, March 2016 (Graziani, WeChat Impact Report 2016, 2018)

Figure 7.3.3 Average amount of time spent on WeChat, March 2016 (Graziani, WeChat Impact Report 2016, 2018)

Figure 7. WeChat usage in Malaysia from October 2015 to January 2016 (WeChat usage in Malaysia from October 2015 to January 2016, n.d.)
Malaysian often using internet for communicate, visiting social networking sites and collect information and most of the WeChat users use WeChat for social activities and sharing information. Thus, WeChat can segment and target Malaysian users in lifestyle of using internet usage because Malaysians’ preferences have really similar to WeChat social features.

**Behavioural**

**Occasion of using WeChat (Compare Malaysia’s user and China’s user)**

Malaysian users mostly use WeChat every day and some of the user use WeChat occasionally. Conversely, China’s users use WeChat more frequently: 36 percent of users open WeChat more than 30 percent per day and 61 percent of them open WeChat more than 10 times per day. In addition, 32 percent of China’s users have use WeChat longer than 2 hours which had shown high user stickiness (Graziani, WeChat Impact Report 2016, 2018). The reason of Malaysian users not using WeChat frequently is because they are not so familiar to WeChat function and the features in Malaysia have not consummate compare to China’s WeChat.

**Benefit of WeChat Functions**

![Figure 8. Benefits of WeChat in Work (Brennan, 2017 WeChat User Report is Out!, 2017)](image-url)
According to the data that collect from demographic and psychographic segmentation, I observe that WeChat should put attention on work-oriented. WeChat did the research from it users how WeChat helpful for work then they can enhance the strength and promote their product during global expansion. From the research data, most of the users agree that WeChat offer a useful communication tools during their work. Otherwise, around 30 percent users agree WeChat features such as official account, transportation, articles, and e-payment has provided them enter a convenience, fast-paced and high-quality workforce. Thus, WeChat should target its users who need these feature in their workspace.

**Benefit of WeChat Pay**

![WeChat Pay Benefits Chart]

*Figure 9. Reason of choosing WeChat Pay (Graziani, WeChat Impact Report 2016, 2018)*

There are mainly three types of WeChat User using WeChat Pay for offline payment. The users who chasing for easy to use and seeking fewer changes will choose to use WeChat Pay because this features is ease to learn and use. Another type of user belongs to chasing cashless lifestyle which totally conform to WeChat Pay idea. The user just need to outing with his phone and he can have done all of the payment without carry cash. The third type of users is chasing for
discounts and promotion campaigns. WeChat Pay in China has cooperate with lots of brand and product, thus, Chinese can enjoy various promotion. Although Malaysia just launched WeChat Pay, WeChat has provided free money packet to Malaysian users (Tariq, 2018).

**Recommendation © Weakness**

Refer to the weakness of WeChat, I think WeChat need to change its standardization strategy when they try to expand their product to other regions such as Europe and the United States. This is because WeChat is a Chinese based app and most of its system is using the Chinese language. Although they have provided other language in their system, the languages are having translation mistake and will occur miscommunication problem. Thus, WeChat may have to localize their product and service while having global extension.

Another issue of WeChat is the privacy issue, as it is a multifunctional social app, the security of privacy may be the users’ concern such as the security of location while using transportation service and the security of payment account which link to bank card. People in Western countries are much more bother about the privacy security compare to Asian countries (Regan, 2018). To overcome the privacy issue, WeChat has implemented new rules to protect user privacy and improve the efficiency of external link experience in May 2018 (Borak, 2018).

Borak (2018) revealed that WeChat upgrade new version for privacy terms which include the location of storage, regulation of usage and relevant laws and regulations. In addition, the international privacy policy of WeChat has been established at the same time to ensure users information will be permanently secure. However, WeChat China version has been excluded for these policies because of China government censorship management. Apart from this, countries like Australia and the United States has banned some of their department staff to use WeChat because they concern the messages will be monitored by the Chinese government (Mobile Security, 2018). Thus,
this has raised the issue to politics and WeChat have to take relevant action to go through this situation.

Threat

The treat of competitor is a big challenge that face by WeChat because there are not only competitors exist in the market but also new social media platform will enter the market. Talking about WeChat as a social communication app, it should improve its AI technology since the AI trend is the new era. From WeChat AI technology VRIO analysis, we knew that Tencent has weak development in this area. Thus, I think Tencent as the backer of WeChat should has more research and development in the area and learn more from successful experience of other innovation to enhance its AI technology.

For WeChat Pay, its competitors are from local mobile payment services and foreign mobile payment services when its having expansion to other region. In my opinion, WeChat Pay need to have strong partnership network while enter into new market. For instance, WeChat should have more collaboration with Malaysia's bank services not only with Hong Leong. Thus, WeChat need to work hard in taking licence from Malaysia government and follow other rules and regulation of other countries to compete with its competitors. I believe that WeChat could overcome the problem and achieve its goal through its rich experience in social network and mobile payment.

Current Issue: User slowly growing

Nowadays, WeChat users is growing slowly because there are limitations of its functions has been realized by its users. WeChat has lack of innovation in its feature and there is still lack of improvement for imperfect functions. For example, the inability of knowing friends on or offline, inability to share pages to view friends, the limitation of edit picture and so forth (Meng, 2018). This is because many system of WeChat is dispersing and vulnerable which will affect its responses to users. Thus, WeChat should continuously upgrade its function and decline its limitations. They could provide more friendly design such as have set of viewing online or offline friends, set turning pages to share
with friends and giving multi-display for user to edit pictures. Users satisfaction and loyalty of using WeChat will enhance and increase through the changes and improvement of WeChat function. Therefore, it will help to increase the reputation of WeChat and attract new users’ attention.

CONCLUSION

After analysing the WeChat’s business strategy, WeChat has shown its uniqueness in development as a social mobile app. It has grown and expand many platforms experience in the mobile environment. The difference between WeChat and other social app is it continuously add functions and services to the base app rather than create more apps to meet users’ needs. By analysing WeChat marketing strategy, I learn that knowing the preferences of users clearly is an important way to develop your own company. Rather than creating company value, WeChat creating more value to users is its strength to attract customer. This marketing way is much more different compare to traditional China business and has introduce a new concept for the business. WeChat has grown to become the largest and popular social app in China by using 7 years and I believe WeChat will become the most popular app in Malaysia with its extraordinary multifunction service and marketing strategies.

REFERENCE


