

Pan Dingguo: WGHZ's Mobile Internet Entrepreneur

■ By Jessie Chen



When WGHZ was named among Jiangsu's Top 10 Innovative Internet Companies of 2014 early this year, it confirmed for Pan Dingguo (AMP Class 7) that he'd made the right move in launching his mobile Internet e-commerce company.

It was during a visit to Silicon Valley in the US that Pan got the inspiration to start his company, whose Chinese name Wu Ge Huo Zhan means five warehouses.

"I went to Silicon Valley at the end of 2013 and was surprised to find that while China may lag behind developed countries in traditional business sectors, Chinese mobile Internet businesses are beginning from the same starting line as our American peers," says Pan, who has many years of experience as a software developer. "I was very excited by the potential opportunities being ushered in by the mobile Internet era. It not only brings new technology and tools, but it also disrupts business patterns and is changing the product development

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workflow and end users of traditional enterprises.”

When he returned to China, Pan decided to leave his job as General Manager of the country’s largest provider of real estate sales and management software, Nanjing Mingyuan Software, and set up his own “innovation lab” to focus on transforming the traditional software development process to meet the specs of the mobile Internet. “I think there are two ways in which an enterprise can be transformed,” says Pan. “One is to

do it within the existing system, while the other is to create something entirely new. I chose the latter.”

SOCIAL MEDIA MARKETING

Pan is building WGHZ’s business by leveraging social media marketing tools on the WeChat platform, which is extremely popular in China. The company’s target customers are women between the ages of 28 and 38 who are concerned about their family’s quality of life, and interested in purchasing

the high-quality, fresh produce such as eggs and fruit which WGHZ sells. More than 10,000 of the company’s 100,000 WeChat followers have made purchases through their WeChat account, and 30% are frequent buyers, or what Pan calls “avid fans”.

A member of China’s post-70s generation, Pan believes that the best approach for an Internet-based business is to combine the tools offered by the Internet with a unique business proposition. “It’s not enough to just put a business online; we must also keep



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our customers' needs in mind. The user experience should be as simple as possible, combining convenient payment and logistics with a superior product,” he says. “By understanding and meeting our users' needs, we turn them into fans, and active promoters of our product. The social networking platform makes this word-of-mouth promotion convenient for them, and thus increases our sales.”

There is a difference between customers and fans, says Pan. He believes that fans have an emotional tie to the company; their behaviour is beyond simple consumption. Providing content that users can interact with is the key to developing a fan base. The interaction makes them feel closer to the company or brand. Groups and communities then grow out of these bonds. Pan says there are five building blocks to creating this type of business: Content, Users, Links, Community, and Marketing.

He explains that the CEIBS AMP Programme helped him develop his ideas for social media marketing. “I was inspired by a foreign professor who talked about ‘user-oriented thinking’. Later I broke it down in this way: An enterprise must spend more than 50 percent of its efforts researching what its target users truly want, keeping in mind that you must also provide them with emotional satisfaction to turn them into fans. Thirty-five percent of your efforts should be spent developing products that exceed users' expectations. Your remaining efforts should be spent on marketing.” When he put this ‘user-oriented thinking’ into practice, Pan says, the results were positive and confirmed his theory.

LOW COSTS, BIG GAINS

Though WGHZ has no salespeople and has not spent any money on advertising, it has still managed to attract a considerable number of fans



and achieve remarkable sales. “Once we began operations, we could see that anything is possible in the era of the mobile Internet!” Pan says proudly.

Sharing a typical example of how WGHZ’s word-of-mouth marketing works, he explains that when one user posts about their WGHZ purchase, the company will gain an additional five subscribers to its WeChat public account. “This is a significant figure and it is trending upwards,” he says. “When you make users deeply love your products they will surely help you to promote them. You need to provide very attractive, unique products, that inspire everyone to pick up their mobile phone, take a photo, and share it on their WeChat ‘Moments’ feed.”

“The consumption process begins with a recommendation from a user’s friends, so we try to best utilise WeChat Moments. When you are flexible and adapt to the mobile Internet

environment, and put your limited resources where they will have the most effect, you can maximise your marketing!”

CFO = CHIEF FANS OFFICER

Pan sees himself as a mobile Internet entrepreneur, and he’s convinced that one of an entrepreneur’s core qualities is to have the courage to lead the way. For example, he also created the idea of a ‘chief fans officer’ who focuses on ways to cultivate users into becoming fans. He believes that when the number of fans crosses a certain threshold, the company can establish its own media, e-commerce and community, creating its own industry value chain from which it can further expand.

Based on this idea, Pan has a five-step vision for WGHZ’s future development. The first is the community and e-commerce platform that he has already established with WGHZ. The second step is a radio and broadcast platform through which the company can provide additional content and further develop user interaction to increase fan loyalty. Next, he would like to implement the O2O (online-to-offline) business model and launch some traditional “experiential” retail outlets, and then create unique products for them. Finally he would like to establish a crowd funding platform for opening new stores.

“No matter what we do, our aim is always the same: we want to increase the frequency of our fan interactions. The experiences that come with purchases, reading articles, and patronising offline stores are all interactions,” he says. “Crowd funding is an even deeper interaction. For example, if we need RMB 500,000 to open a new store, we would crowd fund that with 50 users, send weekly reports to them, and pay them monthly dividends. In this way we can have an even closer link with our fans. At the core, our strategy is to do everything around interaction. Then we pursue scale.”

Performers who never change their stage will eventually be greeted by an empty theatre and no applause. As Pan’s approach to business shows, success requires hard work, innovation, and being brave enough to take the first steps towards implementing your vision.

