

Online Internet Influencers: Reshaping the Digital Business in Cosmetics Industry in China

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ABSTRACT

With the maturity of e-commerce in China, live streaming, which leads the latest trend of e-commerce, has now become a “go-to” option for customers. The media and the audience are no longer completely independent with the development of this new era. The audience will have the right to choose the media, and the media should fit the needs of the audience. For e-commerce platforms, online marketing strategy appears to be more and more important. More vertical sub-sector areas have entered the live streaming market while the domestic beauty industry grows rapidly. Based on the characteristics of the development of online transactions in the new era, this article takes the live streaming of social media influences in the beauty industry as a research object, sorts out and discusses the current status, problems and practical applications of social influence market in cosmetics and makeup industry in China and explores the effect of social media influence marketing on the development of online transactions.

Key word: *Social media influence, Marketing, Cosmetics industry*

1. INTRODUCTION

During the past few years, due to the development of the Internet and the increase of internet penetration rate, e-commerce has emerged in virtue of the Internet platform systems. At present, online transaction is still developing at a rapid speed. In 1995, Amazon was established in the United States. Since then, online commodity trading services have been developed, which has promoted the rapid development of economy and improved the quality and efficiency of daily life. Nowadays, e-commerce is inseparable from Chinese economic growth. General secretary Xi Jinping proposed in the the 19th National Congress of China we must promote the deep integration of mobile Internet, big data, artificial intelligence and real economy. Therefore, the network construction is the vital infrastructure in the 21st century, and the state has treated it as severe affair recently.

At present, online trading methods has developed rapidly. In the violent competition, the key to thinking about major companies, industries, and platforms is how to quickly attract the attention of the audience and use more innovative marketing methods to break through the bottleneck of traffic import. Especially in today's era of rapid Internet development, it has created good opportunities for the birth of new products. The interactivity of online celebrity live broadcasts provides the instant social functions that traditional online social media does not have, and thus become popular.

Users have begun to break away from the constraints of time and space with the advent of products such as smart phones and laptops, and gradually use mobile devices to conduct independent webcasts or watch webcasts. Webcast

is different from the traditional way of communication. It has real-time and interactive features. These new features are applied after by major platforms. This subversion of the past communication method has extremely influential commercial value for most industries. Webcast has become one of the ways for enterprises to quickly implement products, and it has also become the focus of e-commerce marketing. Not only has webcast become a way for e-commerce platforms to carry out marketing, many brands will also conduct marketing through online celebrity-carrying live broadcasts and carry out their own strategic layouts. In 2016, webcasting has been extensively developed. In the process, batches of webcasting platforms have emerged, and the younger generation has become their core users. The growth of the online live broadcast industry has stabilized. In 2018, the number of online live broadcast users reached 460 million, with a growth rate of 15.6%. The number of online live broadcast users is expected to reach 501 million in 2019. Data from the "2018 Enterprise Live Marketing Special Research Report" shows that in 2018, China's live broadcast marketing market will reach 3.11 billion RMB. Under the high return on commodity investment of the live broadcast model, various industries are gradually trying to use live broadcast for marketing and promotion, and diversify under the form of "live broadcast + e-commerce". In 2019, it will reach 5.06 billion yuan, a growth rate of 62.7%.

According to the database of the China Business Industry Research Institute, the pre-sale volume of personal care and cosmetics accounted for 35.5%, and the top ten beauty categories accounted for seven of the pre-sale categories in the "Double Eleven" event in 2018. That is 70% of the total retail sales across the network reached 44.63 billion yuan, a year-on-year increase of 117%.

2. ANALYSIS OF LIVE E-COMMERCE STREAMING

Weibo is the most popular social media platform in China. In 2019, the total number of users interested in cosmetics and makeup reached 160 million and a year-on-year increase of 33%. As of October 2019, the total number of microblogging articles, comments, and likes regarding cosmetics and makeup reached 1.24 billion. Generation of post-90s consists the majority of the users, accounting for 52% of the total. At the same time, the scale of beauty bloggers on social media such as Weibo is expanding, as is the traffic and promotion power. Compared with 2018, the overall reading of beauty topics increased by 36%.

From the perspective of Alibaba Big Data, from 2014 to 2019, the beauty and skin care industry has stabilized in the top five in the total transaction value, and ranked third in the fastest growth in transaction value during the Tmall Double Eleven event. In terms of traffic, the number of live broadcast users on Tmall and Taobao platforms has exceeded 100 million, and the total number of people watching the live broadcast exceeds 3 trillion, indicating that more users can click on the live video.

In 2018, the domestic beauty variety show "Miss Beauty" and "Prince Lipstick" created by Tencent Video had more than 80 million broadcasts as of April 2019; Hunan Satellite TV's self-made night-time beauty fashion show, which started broadcasting in 2016. As of April 2019, the number of online views has exceeded 100 million. Beauty TV programs began to gradually integrate with the transformation of e-commerce live broadcast, including inviting Weibo beauty anchors and Taobao anchors to participate in the show as guests, and began to gradually approach the entertainment needs of the audience.

Consumer groups began to tend to buy the same styles of celebrities or the same styles of celebrities. The "social + e-commerce" online celebrity product model has gradually become the standard for brand marketing. Many celebrities have established themselves on social platforms such as Xiaohongshu Official account to promote products. As of April 2019, "lipstick Princess" Li Jiaqi, China's top beauty leader which has been on the entire network, has 3.17 million fans in the personal account of the Taobao live broadcast channel. According to the data in the "2018 China Fashion Beauty Hot Trend Report", 61% of the audience agreed that social media can "help me shop better". KOL in social media is an important channel for consumers to receive promotional information on beauty products. The traditional promotion of beauty products can not attract more beauty audiences. Today, not only domestic brands such as Perfect Diary, Chioture and other domestic brands have opened their way to e-commerce live broadcasting, but international brands including Estee Lauder, Lancome, YSL, and Dior have also begun to focus their eyes on

community promotion like e-commerce live broadcasting. Therefore, the current audience of e-commerce live broadcasts in the beauty industry has shopping needs, entertainment needs, and social needs, which are inseparable from the audience's consumption scenes, psychological states, and social hot spots. Therefore, it is necessary to formulate effective solutions based on the three needs of the audience and the characteristics of the beauty industry.

Although webcast is a virtual cyberspace, the social interaction situations it constructs are very real. This kind of reality mainly comes from two aspects, one is the real-time nature of the webcast, and the other is the presence of the virtual body of the Internet celebrity. The two establish realistic communication situations from the time and space dimensions.

On the one hand, domestic beauty brands have risen by means of the "grassing+ weeding" model, which is almost a two-sided structure with "short video APP + live streaming + KOL", achieving "co-creation of brand and KOL", "content and user integration" and "user-customized product upgrade" structures. All indicates that the concept of "C2M" is becoming more and more popular, and the upper, middle and lower industrial chain of the beauty industry has been cast. After many years' devotion of professionals from all parts of the production and selling chain, the customized production and the upward integration of the industrial chain pursued by the whole industry in the e-commerce field have already been there but in primitive form. Although countless implementation mode have been conceived and proposed, then it comes into being, it is far more than what is expected based on most relevant researches and studies when it finally took shape. It is KOL that has become the connection point between beauty brands and users making accurate targeting possible.

Products represented by beauty makeups can be presented before target customers more interactively and more visually. Hit strongly by the great difference between before and after using the product presented by social influencer who feels more real than celebrities such as big screen stars, target customers tend to acquire a more immersive experience. The in-depth experience brought by short videos, live streaming and strong interactive sales model are conducive to the increase in the penetration rate of beauty products. Via the visual communication mode of live streaming and short videos, together with the display of the manufacturing processes and effect or difference brought by using the products or services, the marketing goals can be better achieved. According to survey data, the categories of makeup, personal care, food and other categories are in the forefront of advertising and sales ranking of Douyin and Kuaishou (the most popular short video and live streaming platforms in China) from June to December 2019. The top ten categories are shown in Figure 2.3 below.:

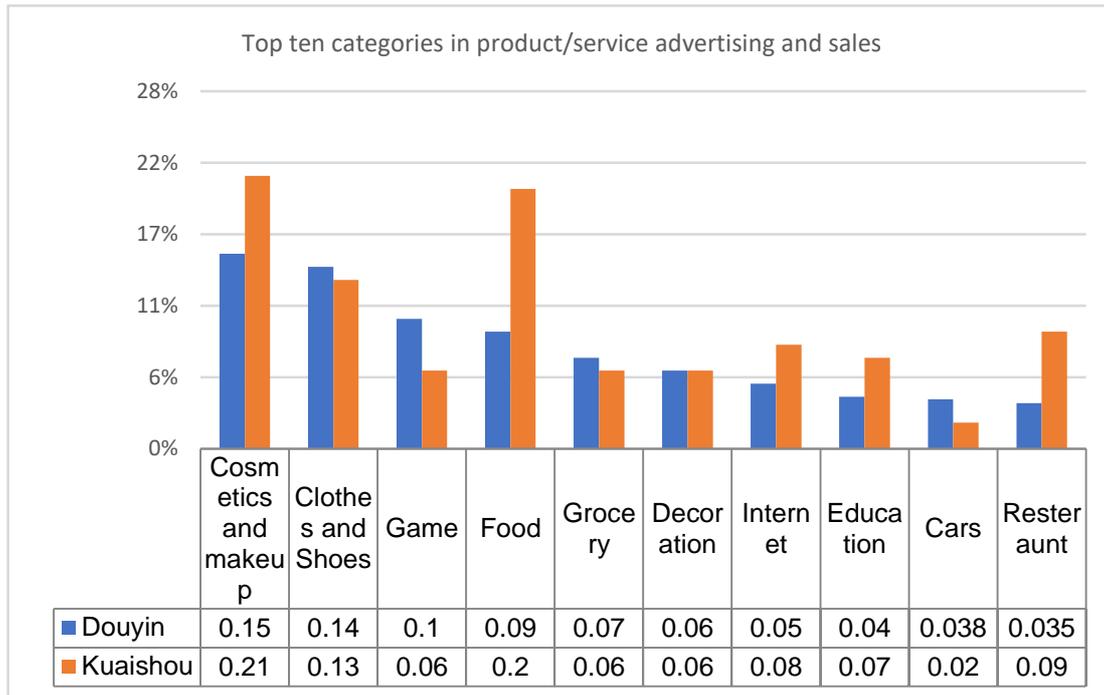


Figure 1 Douyin Kuaishou KOL launches in TOP10 industries

On the other hand, the use of this new advanced media technology for online social influencer live streaming has greatly compressed time cost and space cost while largely increased customers' enthusiasm of consumption. The order behavior of other consumers directly affects the purchase desire of those who have not yet placed an order but have seen real-time comments from other customers flying across the screen. This is what the traditional offline sale mode can not achieve and has brought enormous orders to companies. Social interaction consumption combines social networking and marketing. People with similar preferences and needs gathering together through Internet makes precision marketing at a very low cost possible, and this is where social interaction in the virtual space generates value. Now and in the future, using social interactions to drive customer consumption will be the area that those social influencers and their companies need to pay more attention to and make efforts.

Under the empowerment of the Internet, cosmetics companies are reported to be increasingly relying on beauty KOL, and the cosmetics industry has also welcomed the strongest growth in the past five years. However, with the increase of the popularity of online influencer marketing products, various issues and controversies have also come to the surface slowly.

3. THE DEVELOPMENT STRATEGY OF LIVE BROADCASTING OF BEAUTY PRODUCTS

Jiaqi Li is one of the most popular beauty anchors on Taobao live broadcast in 2018. He successfully challenged

the Guinness World Record of the "adding lipsticks to the largest number of people within 30 seconds" and became the holder of the world record. On March 8, 2019, Tmall Queen's Day, the live broadcast market reached 189,300 live views and 3.53 million live broadcasts in less than six hours. In addition, he also became the winner of "Competing with Jack Ma to sell lipstick live broadcast" in the "Double Eleven" event in 2019, setting a sales record of 14,000 lipsticks sold in one minute, and was called "Lipstick One" by netizen. Based on the theoretical framework of "use and satisfaction", this chapter will specifically analyze the "inevitability" of online transactions for beauty influencers in the industry.

Even the U.S. economy was in recession in the 1930s, people still had a strong desire for consumption. When they could not afford to buy a car or a house, they alter to relatively lower consumption, such as cosmetics such as lipstick. This is the famous lipstick economy. Lipstick, as a kind of "cheap and unnecessary thing", can bring mood for consumers.

In recent years, the economic growth rate of various countries has declined in various degrees. The development of Chinese economy has slowed down, Obviously "lipstick economy" has emerged. The sales of low-cost consumer goods which is represented by lipstick has continued to rise. Although the consumption amount is small it can satisfy the audience's shopping desire. With fast pace of life in the society, the commodities which can relieve the pressure, have been paid attention to. With social and psychological influence, the audience has the shopping demand. In daily life, most people think that the amount of women are the biggest amount of people who are directly related to beauty. Jiaqi Li, the anchor with high popularity on the Internet, appeared in front of the audience with the

differentiated positioning of "beauty man anchor" through live broadcast, quickly attracting a large number of eyes. While the differentiated mode of the social media influencer using live streaming to sell beauty products changes, the user's demand price will also change as the relative difference between demand and price changes, according to the formula:

$$E_d = \frac{\Delta Q/Q}{\Delta P/P} = \frac{\Delta Q}{\Delta P} \times \frac{P}{Q} \quad (1)$$

The tremendous changes in the new era have prompted a new trend in consumption upgrades, which is changing from showing off consumption to experience consumption, forming user-elastic price demands. Companies need to carry out a comprehensive evaluation of the product's target audience while calculating costs and revenues. It can be concluded as below:

$$E_d = \frac{\Delta Q}{(Q_1+Q_2)/2} \div \frac{\Delta P}{(P_1+P_2)/2} \quad (2)$$

(1) when $E < 1$, the demand is considered to be inelastic. Rising prices will increase sales revenue while falling prices will reduce sales revenue. Sales revenue and price change in the same direction.

(2) when $E > 1$, the demand is considered to be elastic. Rising prices will cause a decrease in sales revenue while falling prices will increase sales revenue. Sales revenue and price change in the opposite direction.

(3) $E = 1$, the demand is considered to be unitarily elastic. Change in price will not cause change in sales revenue. In summary, behind the live streaming of social media influencers are enterprises manufacturing and promoting the products. From upstream supply, to intermediate processing, and terminal production, etc., through industrial integration and the direct output of online social influencer live broadcasts, companies usually implement a method of small profits but quick sales for products with elastic demand.

Judging from Jiaqi Li's past live broadcast content, the first step in his way of sharing products is usually to display the full range of products, and then share his personal experience. Among many products, the characteristics of the crowd are used as the dividing line to divide the corresponding products. Recommend to the corresponding audience one by one. At the end of the introduction, release coupons for corresponding products in time, adjust the number of coupons based on real-time comment feedback, use discounts to attract purchases, and increase product conversion rates. Li Jiaqi filled the live broadcast room with his iconic "lipstick". The scene creation not only deepened the audience's awareness of it, but also filled the atmosphere of entertainment with the interaction with the "lipstick wall" behind during the live broadcast.

It is good at using descriptive content to attract audiences, and live broadcast content can resonate with audiences. For example, the online celebrity headline "collecting party can learn in 3 minutes", channel drainage for makeup novices. During the live broadcast process, it is better to talk to the live audience than simple color testing, descrip-

tion of texture, etc., to interact with comments and bullet screens in time, so that users feel very real, and feel that they are chatting and sharing with friends around them, satisfying The audience's "social needs"; at the same time, the use of exquisite copywriting to promote purchases, using sentences such as "flower fairy color", "girly feeling full, first love color" and other sentences to describe lipstick, make the audience have a sense of identity and arouse shopping desire.

During the online celebrity's delivery process, this skin care product will be set in a scene where the season is changing and the skin is sensitive. The interaction with the audience such as friends creates a group buying atmosphere. Marketing in this scene is easy to stimulate Consumer needs of the audience. The audience's shopping needs are not static, so it is easier to meet their own impromptu needs by spending on live broadcast channels. If you just meet your own needs when you use the media this time, and fit your own psychological state, it will directly affect the audience's next use of the media. Once the purchase is completed, it will undoubtedly promote positive feedback from the audience on the medium.

4. OPTIMIZATION OF ONLINE SOCIAL INFLUENCER MARKETING STRATEGY IN THE BEAUTY INDUSTRY

4.1 More Entertaining via scene marketing

According to data from AiMedia Consulting, more than 60% of users believe that the richness of live content is the key indicator for them to watch the live broadcast. One of the reasons that some viewers do not watch the live broadcast of e-commerce is that when they first contacted the live broadcast channel, the live broadcast content cannot keep the audience. Beauty products are essential for the life of most consumer groups. E-commerce live streaming should make good use of contextual consumption scenarios.

The case of the Internet sensation Jiaqi Li shows that, In order to make the live broadcast content more structured, one can focus on the explanation of the product while creating a consumption scenario as realistic as possible, enrich the live broadcast content, and create for each product a daily necessity in the real life scene, and grasp the psychology of the audience, to attract their attention. At the same time, limited coupons were issued after the explanation, stimulating consumers' desire, which in turn will cause users to buy impulsively. In the live broadcast process, the beauty streamer can not only introduce the product, but also convey the knowledge of makeup and skin care to the audience, enhancing the satisfaction of the medium which will increase the audience's interest to generate shopping needs through continuous interaction. Rihanna, a famous America singer, launched her own Beauty brand—Fenty Beauty in 2017. Later, she used the magazine Vogue as a starting point to broadcast the whole process of using her brand's makeup on social media. In a

dramatic live broadcast, she was called “all-powerful” by netizens. She not only planted the products under her beauty brand, but also won favour among netizens. In this process, the audience meet their own entertainment needs, and in the same time deepen the impression of the product because of the live media.

4.2 Precision marketing of beauty live broadcast

According to case analysis, it could be found that Jiaqi Li has distinctive features, that accurately position the influencer to the group of lipsticks consumer, it is targeted to the audience, and lipstick is used as a starting point to attract more potential and marginal audiences with this gimmick. The rapid replacement of the Internet and new media has caused the demand of the audience to gradually increase. To grasp the audience, we must first have an accurate positioning of the audiences and their needs. E-commerce live streaming in the beauty industry should use the product itself as the starting point, differentiate content by product type or brand, and make the content vertical. Beauty makeup e-commerce live broadcasts are mainly concentrated in the time period of e-commerce promotion, and daily live broadcasts are mainly produced by individuals or brands alone. The platform can categorize live content with tags, and focus on the intrinsic attributes of beauty products, subdivided into various brands or characteristics, such as lipstick, foundation, eye shadow, etc. When the audience has a demand for a certain type or brand, the media can quickly feed back to the user in a short time, combining the characteristics of the audience's needs.

Beauty brands need to understand the audience's life attitude and other behavioral characteristics in order to generate content labels that are exclusive to a certain brand's products. For example, the skin care brand Olay has seized the current young audience's label "Stay up all night" to give life to the product and drive the emotions of the audience. It has launched a skin care suit aimed at staying up late, combined with Weibo beauty blogger Xiaomanmanxiao, star Ma Sichun, etc. Live recommendation, turnover exceeded 10,000 in a single day.

E-commerce platforms can analyze market data by analyzing their audiences' preferences and click conversion rates, and use precision marketing. For example, according to the brand positioning of a certain product and the target group in the early stage, by combining well-known big screen stars or celebrities to conduct live marketing, their fan groups can also be contributed to the promotion purchases by watching live broadcasts. In April 2016 Maybelline united star Angelababy and 50 Kol to broadcast lively, accumulated more than five million views, and sold 10,000 new lipsticks in two hours, reached a turnover of more than 1.4 million yuan.

5. CONCLUSION

The development of media in the Internet not only changed people's lifestyles, but also met some of their needs. The consumer groups in the beauty industry can meet their shopping needs, entertainment needs and social needs through online social influence live broadcasting channels. This article describes the current status of e-commerce live streaming. After analyzing the needs of the audience, their "entertainment needs", "shopping needs" and "social needs" provide a certain idea and direction for online live marketing in the beauty industry. Not only will this article assist create products and services to meet the audiences' need to achieve the best results, but also will provide a reference for the development of the beauty industry.

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