

Livestream Marketing and Digital Transformation of Enterprise Marketing Mode

Liubo Sang^{1,*}

¹School of Business Administration, Zhejiang Gongshang University, Hangzhou, Zhejiang 310016

*Liubo Sang. Email: sangliubo128206@163.com

ABSTRACT

Under the impact of the COVID-19 epidemic situation, countless enterprises save themselves through livestream e-commerce, so that livestream into the public view. In order to explore the relationship between livestream marketing and enterprise digital transformation, this paper analyzes livestream marketing from the perspective of enterprise digital transformation, and on this basis explores how live broadcast can help enterprises digital transformation. Livestream marketing is not only an expedient measure for enterprises to save themselves, but also an important driving force for the digital transformation and upgrading of enterprises.

Keywords: Livestream marketing, marketing model, enterprise digital transformation, digital economy

1. INTRODUCTION

2016 is known as "livestream e-commerce" the first year, this year Taobao pushed out Taobao livestream, marking the arrival of the era of live e-commerce. 2017-2018, livestream e-commerce after the initial exploration, gradually towards specialization, MCN institutions, supply chain and other different roles have emerged, livestream e-commerce began to fine and professional progress. 2019 is a year of livestream e-commerce, livestream delivery is starting to get a lot of attention, Li Jiaqi, Wei Ya and so on head livestream KOL begins to enter the people's vision. Taobao data show, Tmall 2019 "Double 11", Taobao livestream brought close to 20 billion yuan, accounts for 7% of Tmall's total turnover of 268.4 billion yuan during the "double 11". In the first half of 2020, because of the impact of the COVID-19 epidemic situation, most enterprises' production and operation conditions were blocked, which prompted them to choose livestream e-commerce to save themselves and accelerate the development of livestream e-commerce industry. Even some entrepreneurs have joined the wave of livestream marketing. As a kind of digital and information-based marketing mode, livestream marketing is the inevitable trend of the development of the times and the progress of technology. At the same time, the "black swan" incident of the COVID-19 epidemic situation adds accidental factors to the livestream marketing. The evolving digital landscape has precipitated a sense of crisis for marketers and the role of marketing within the firm. This extends beyond simply remedying a skills-gap and is triggering a transformation that has repercussions for the future of marketing and its practice, thus diminishing functional accountability (Lee Quinn et al., 2016) [1]. From the point of view of the enterprise, the correct understanding of the characteristics and value of livestream marketing has great enlightenment to the development of the enterprise and the digital

transformation and upgrading. This paper will analyze the characteristics of livestream marketing from the perspective of enterprise digital transformation and point out how to help the digital transformation of enterprise marketing mode through livestream e-commerce.

2. LITERATURE REVIEW

2.1. Livestream Marketing

Livestream marketing is based on TV marketing, but different from TV marketing, which refers to a broadcast mode of producing and broadcasting programs simultaneously with the occurrence and development of events. This kind of marketing activity is based on the special live broadcast platform, the main purpose of which is to promote the promotion of enterprise brand or the growth of sales volume. Livestreaming is broadcast video streaming services provided by web-based platforms and mobile applications that feature synchronous and cross-modal (video, text, and image) interactivity (Stuart et al., 2019) [2]. Lu et al. (2018) surveyed a diverse Chinese livestreaming landscape comprised of a 'wide variety of activities that viewers had a high interest in watching' [3]. Yang (2018) claims that only 20% of the livestreaming industry is based on gaming and gamers (who, if successful, have lucrative prospects), while the rest is dominated by IRL (In Real Life) streamers, of whom 70% are women appealing to audiences comprised of 75% men [4]. Nowadays, livestreaming is not limited to the field of games and entertainment. It is permeating into every aspect of life. The current hot livestream marketing is the best proof. Livestreams make money by interacting with fans on the platform. Livestream marketing is the development and evolution of enterprise marketing mode in the era of digital and information Internet, and its

essence is still a marketing mode, which still emphasizes the value exchange between enterprises and customers. Livestream marketing is based on the live broadcast platform as the core, connecting anchors, brands and consumers, widening the traditional human cargo yard theory, transferring the marketing scene to the line, breaking through the traditional time and space constraints.

Livestream marketing has developed rapidly since its birth. 2019 is the outbreak period of livestream marketing industry, and 2020 is affected by the epidemic situation of COVID-19. According to the iResearch statistics, the total turnover of 2019 livestream e-commerce reached 451.29 billion yuan, the year-on-year growth rate reached 200.4%, account for the overall scale of online shopping 4.5%. This shows that livestream marketing still has room for growth. Especially since 2020, livestream marketing has become an important way for countless enterprises to save themselves, which has injected a strong "catalyst" for the development of live broadcast marketing. In the first half of 2020, there were 22.75 million livestream products, the year-on-year growth rate reached 290.5%, The penetration rate of livestream commodities is 4.3 per cent; Total number of livestream broadcasts 8.477 million, the year-on-year growth rate reached 166.2%, the total number of visitors was 30.41 billion, an increase of 15.47 billion people over the first half of last year.

As a technological change, livestream marketing has a far-reaching impact, but the existing literature lacks the impact of livestream marketing on the digital transformation of enterprises.

2.2. Digital Transformation

In recent years, digital transformation has become an important hot topic in enterprise strategy yield (Bharadwaj et al.,2013)[5]. Researchers have yet to come up with a unified definition of digital transformation, Westerman et al. (2014)[6] and Karagiannaki et al.(2017) deemed that digital transformation is the use of technology to radically improve performance or reach of enterprises. Kane et al. (2017)[7] argued that the best understanding of digital transformation is adopting business processes and practices to help the organization compete effectively in an increasingly digital world. Nwankpa and Roumani (2016)[8] considered that changes and transformations that are driven and built on a foundation of digital technologies. Within an enterprise, digital transformation is defined as an organizational shift to big data, analytics, cloud,mobile and social media platform. Whereas organizations are constantly transforming and evolving in response to changing business landscape, digital transformation are the changes built on the foundation of digital technologies, ushering unique changes in business operations, business processes and value creation. This paper adopts the definition of Nwankpa and Roumani the digital transformation of the company is based on technological change and brings innovation to the company's business model. This paper pays special

attention to the digital transformation of corporate marketing mode caused by the technological change of livestream marketing.

On the one hand, at the social level, digital transformation has brought about profound changes in society and industry(Majchrzak et al.,2016)[9].At the 2016 G20 Hangzhou Summit, the definition of the digital economy is a series of economic activities that use digital knowledge and information as key factors of production, modern information networks as important carriers, and the effective use of information and communication technologies as important drivers for improving efficiency and optimizing economic structure. Digital economy has become the main driving force of global industrial transformation, and China has also entered the stage of rapid development of digital economy. According to data released by the CAICT, China's digital economy reached 3.13 billion yuan in 2018, accounting for 34.8% of GDP.

On the other hand, at the organizational level, it is argued that companies must find ways to innovate with these technologies by designing "strategies that embrace the implications of digital transformation and drive better operational performance." (Hess et al.,2016)[10]. It means that digital transformation should be a strategic choice for companies to improve operational efficiency, promote innovation or cope with the negative impact of crisis events. As a result, entire business models can be reshaped or replaced(Downes and Nunes 2013)[11]. Gregory(2019)[12] describing digital transformation as a process where digital technologies play a central role in the creation as well as the reinforcement of disruptions taking place at the society and industry levels. These disruptions trigger strategic responses from the part of organizations, which occupy a central place in digital transformation literature. The literature describes digital technologies as inherently disruptive, the progress and development of digital technology are the driving force of digital transformation(Karimi and Walter, 2015)[13]. In the context of "Internet +", new technology, new management and new mode are the driving force to promote the transformation of social life, which will promote the digital transformation of traditional enterprises. Potential benefits of digitization are manifold and include increases in sales or productivity, innovations in value creation, as well as novel forms of interaction with customers, among others(Christian et al.,2015)[14].In today's new era of data technology, enterprises should solve the problems in production, management and management by means of digitization and information. Relying on the Internet, Internet of things, artificial intelligence, big data, cloud computing and other information technology to help enterprises grow and develop. The digital transformation of enterprises involves all aspects of production, management and management of enterprises, including the transformation of production mode, management mode, marketing mode and business model. Although the existing research has realized that technological progress is the driving force and cause of digital transformation, the research on the mechanism of

how technology promotes the digital transformation of companies is relatively rare.

This study focuses on the digital transformation of enterprise marketing model and marketing strategy. Taking the company's marketing model as an example, this paper explores how the technological progress of livestream marketing can promote the digital transformation of the company's marketing model.

In the following chapters, this paper first analyzes the characteristics of livestream marketing, and then describes how livestream marketing promotes digital transformation in several aspects according to the characteristics of livestream marketing, and forms an overall framework. Finally, the conclusion of this study is drawn and the significance of the study is expounded.

3. CHARACTERISTICS AND FRAMEWORK

3.1. Characteristics of Livestream Marketing

As the product of the Internet era with high digital information, the rapid development of livestream marketing has the inevitability of promoting scientific and technological progress, as well as the contingency of sudden external crisis events such as the epidemic situation of COVID-19. Livestream marketing is a new marketing method in the Internet era, which not only has the inherent characteristics of marketing, but also has the characteristics of more digitization and information than the traditional marketing methods. The following will analyze the characteristics of livestream marketing from the perspective of digital economy and enterprise digital transformation.

3.1.1. Online value exchange

Compared with the traditional offline marketing, the biggest difference is that the marketing scene is moved to the Internet, and the change of the scene means that the value exchange between the enterprise and the customer is also moved online. China Internet Network Information Center (CNNIC) released the 45th "China Internet Network Development Statistics report" in 2020, the number of Internet users in China reached 904 million, Internet penetration rate reached 64.5%, mobile phone Internet users reached 897 million. High Internet penetration rate and perfect digital infrastructure make livestream marketing have more room for development. The traditional marketing method is that enterprises attract the attention of potential customers through advertising, then customers generate purchase intention, and finally reach a transaction. This process is difficult for enterprises to control and low efficiency of customer transformation. Livestream marketing can form a complete transaction closed loop from product

introduction, live display to customer willingness and transaction.

The essence of marketing is to create value for customers. The development of livestream marketing promotes the exchange of value between enterprises and customers. It is easier to exchange value through livestream marketing without limitation of time and space. At the same time, in the process of value exchange, 5G, big data, cloud computing, artificial intelligence and other technologies make the form of value exchange between enterprises and customers more diversified.

3.1.2. More accurate client portraits

Clive Hamby, a British data scientist and mathematician, used the slogan "Data is the oil of the new era". Especially in the period of digital transformation and upgrading, the importance of data is more prominent, enterprises grasp the data to obtain a potential competitive advantage. As the product of data technology era, livestream marketing has the characteristic of digitization. There are two main ways for enterprises to carry out livestream marketing: the company's marketers or managers personally livestream and hand over to a professional live or organization with goods and pay a certain fee. Especially through the cooperation with the head anchorman of live broadcast, it can bring huge traffic and high product exposure, and improve the transaction probability. In either form, after customers have the will and place orders in real time, enterprises (brands) can obtain more accurate customer consumption preference data and conversion rate from traffic to sales. Enterprises can draw more accurate customer portraits, one is that livestream marketing contacts a wider range of customer groups, providing enough samples to depict customer portraits; Second, because the customer real-time order data to provide enterprises with customer consumption preference related data. In a word, the mode of livestream marketing helps enterprises to master accurate customer information and customer portraits, and further guide the production and operation of enterprises, and speed up the sensitivity and reaction speed of enterprises to the market.

3.1.3. Development of private traffic pools

In the past traffic bonus era, enterprises are keen to get customers at low prices. But now, the traffic bonus is beginning to disappear, one is because the cost of getting customers is getting higher and higher, the other is the low conversion rate from traffic to sales. Different from the traditional public domain traffic, private traffic is unique to enterprises and is free to control, free and can be used many times.

Taobao livestream broadcast, JingDong, Tik Tok, and other livestream marketing platform is the traditional public domain traffic pool, enterprises can obtain customers extensively from the public domain traffic through live

broadcast and promotion of goods on the live broadcasting platform, discover loyal customers who buy goods repeatedly, and then import them into the private domain traffic pool for fine management. Establish strong relationships with private customers, and then expand private traffic through invitation and sharing. Livestream marketing provides a huge opportunity for enterprises to establish private traffic, because the relationship between livestream and fans is similar to the private traffic and enterprises. As a livestream audience, it is impossible to watch every live broadcast on the platform, instead, they will choose the livestream they are interested in. Therefore, livestream marketing will attract viewers interested in company products or livestream content, which will become an important source of private traffic.

3.2. The Framework of Livestream Marketing Facilitates Digital Transformation of Marketing Mode

From the point of view of digital economy, livestream marketing has the characteristics of realizing value exchange online, depicting more accurate user portraits and developing private traffic pools. These characteristics of livestream marketing are closely related to the digital transformation of enterprises, so the digital transformation path of enterprise marketing mode needs to be carried out from three aspects: scene, data and traffic. As shown in Figure 1, livestream marketing provides online scene, accurate data and private traffic for the digital transformation of enterprise marketing model, and helps the electronic, information and intelligence of enterprise marketing model.

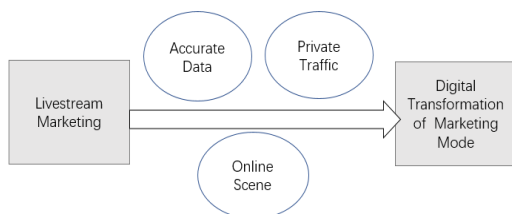


Figure 1 The framework that livestream marketing facilitates digital transformation.

3.2.1. Scene: offline to online

Livestream marketing transfers the marketing activities of enterprises to the line. It is possible to interact with thousands of consumers and carry out marketing activities with simple live streaming devices. So that the enterprise's marketing activities are not limited by time and space. This is equivalent to transferring problems and transactions that were originally solved offline to online processing, which will greatly improve the efficiency and benefit of

marketing. From offline to online, it means that the first step of digital transformation of marketing mode is to realize the electronization of marketing business.

Everything is difficult at the beginning, and so is the digital transformation of enterprises. The first step of digital transformation is to complete the electronic business, for this paper is to complete the electronic marketing activities. This is a difficult, complex, and costly work, but livestream marketing simplifies the process and lowers the threshold because livestream marketing is a lower cost and lower entry threshold marketing model. Enterprises can easily realize the electronization of marketing activities as long as they start live broadcasting, and make full use of the technology of existing mature livestream platforms and increasingly professional live broadcasting to take the first step of digital transformation of marketing mode.

3.2.2. Data: from fuzzy to precision

One of the characteristics of livestream marketing is to help enterprises depict more accurate user portraits, which is based on the contact of livestream marketing with a wider range of customers and their consumption preferences. After realizing the electronization of marketing business through livestream marketing, the next step is informatization. The core of informatization lies in the data, including the consumer preference data and accurate customer portrait. The scene of livestream marketing is based on the Internet, big data, cloud computing, artificial intelligence and other technologies. During the live broadcast, the browsing and ordering of customers will be recorded. This information is an important basis for enterprises to describe customer portraits.

Data is the key to the digital transformation of enterprises. Livestream marketing can obtain more accurate user data than traditional marketing methods. These data are the basis of digital transformation and upgrading of enterprises.

3.2.3. Traffic: public traffic to private traffic

The public domain traffic belongs to the platform and is the traffic that can be used by most enterprises on the livestream platform, and the form of livestream marketing can attract the audience who are interested in the enterprise products or livestream content. These audiences can be further cultivated into loyal customers and form the private traffic pool of the enterprise. Private traffic is not built up, but to provide better service to these retained customers and build customer trust and satisfaction.

The maintenance and operation of private traffic are also marketing activities of enterprises. The concept of private domain traffic is produced with the internet entering the second half. The maintenance and operation of private domain traffic is also completed online, so the operation

of private domain traffic is an important manifestation of digital transformation of enterprise marketing model, such as personal Wechat ID, WeChat group, WeChat Official Account, QQ group and so on. Enterprises obtain private domain traffic through livestream marketing, and the operation and maintenance of private domain traffic itself is an online marketing activity, so livestream marketing indirectly promotes the digital transformation of enterprise marketing mode through the establishment of private domain traffic.

4. CONCLUSIONS

The role of technological progress in digital transformation has been confirmed by many scholars, but there is a lack of research on its internal mechanism. This paper makes a supplement to this research by discussing the mechanism of livestream marketing on the digital transformation of marketing mode. By analyzing the characteristics of livestream marketing, it is found that livestream marketing promotes the digital transformation of enterprise marketing mode in three aspects: scene, data and traffic. It shows that technological progress can promote the digital transformation. China is in the critical period of the development of digital economy. As an important part of economy and society, the digital transformation of enterprises is particularly important. Livestream marketing is a hot topic at present, it is not only a change of marketing mode, but also an important starting point and opportunity for enterprises to carry out digital transformation. From the point of view of digital economy and enterprise digital transformation, it is found that livestream marketing has the characteristics of online value exchange, more accurate customer portrait, and establishment of private traffic pool. Based on the above characteristics, livestream marketing provides online scene, accurate data, private traffic for enterprises, and helps the digital transformation of enterprise marketing mode. For enterprises, we should seize the opportunity of livestream marketing, transfer the marketing business of enterprises to the line, livestream marketing at the same time transfer the enterprise's customers, data collection, after-sales service, customer operation and so on to the line, establish, operate and maintain private domain traffic, and thus promote the digital transformation of marketing model.

5. LIMITATIONS AND FUTURE RESEARCH

This paper discusses the mechanism of livestream marketing on the digital transformation of enterprises, and finds that livestream marketing promotes the digital transformation in three aspects: scene, data and traffic. However, this research is only limited to the digital transformation of marketing mode, and may not be applicable to other aspects of the enterprise's digital transformation. In addition, this paper lacks empirical

research and is only limited to theoretical analysis. In the future, researchers in this field can explore the mechanism of other technological advances on the digital transformation of enterprises through empirical research.

REFERENCES

- [1] Lee Quinn, Sally Dibb, Lyndon Simkin, Ana Canhoto, Mathew Analogbe, Troubled waters: the transformation of marketing in a digital world, *European Journal of Marketing*. 50(12) (2016) 2103-2133. DOI: <https://doi.org/10.1108/EJM-08-2015-0537>
- [2] Stuart Cunningham, David Craig, Junyi Lv, China's livestreaming industry: platforms, politics, and precarity, *International Journal of Cultural Studies*. 22(6) (2019) 719-736. DOI: <https://doi.org/10.1177/1367877919834942>
- [3] Lu Z, Xia H, Heo S and Wigdor D, You watch, you give, and you engage: a study of live streaming practices in China, in: *Proceedings of the SIGCHI Conference on Human Factors in Computing Systems (CHI 18)*, 2018
- [4] Yang P, A primer on China's live streaming market, Available at: <https://hackernoon.com/a-primer-on-chinas-live-streaming-market-352409ad2c0b>, 9 September, 2018
- [5] Anandhi Bharadwaj, Omar A. El Sawy, Paul A. Pavlou, N. Venkatraman, Digital business strategy: toward a next generation of insights, *MIS Quarterly*. 37 (2) (2013) 471-482. DOI: <https://www.jstor.org/stable/43825919>
- [6] Westerman, G., Bonnet, D., McAfee, A, The nine elements of digital transformation, Available at: <https://sloanreview.mit.edu/article/the-nine-elements-of-digitaltransformation/>, 7, 2014
- [7] Cerald C Kane, Doug Palmer, Anh Nguyen-Phillips, David Kiron, Natasha Buckley, Achieving digital maturity, *MIT Sloan Management Review*. 59(1) (2017).
- [8] Nwankpa, J.K., Roumani, Y, IT capability and digital transformation: a firm performance perspective, in: *International Conference of Information Systems*, Dublin, Ireland, 2016
- [9] Ann Majchrzak, M lynne Markus, Jonathan Wareham, Designing for digital transformation: Lessons for information systems research from the study of ICT and societal challenges, *MIS Quarterly*. 40 (2) (2016)

267–277.

DOI:

<https://doi.org/10.25300/MISQ/2016/40:2.03>

[10] Thomas Hess, Christian Matt, Alexander Benlian, Florian Wiesboeck, Options for formulating a digital transformation strategy, *MIS Quarterly Executive*. 15 (2) (2016) 123–139.

[11] Larry Downes, Paul Nunes, Big-bang disruption, *Harvard Business Review*. 91(3) (2013) 44–56.

[12] Gregory Vial, Understanding digital transformation: A review and a research agenda, *Journal of Strategic Information Systems*. 28(2) (2019) 118-144.

DOI:

<https://doi.org/10.1016/j.jsis.2019.01.003>

[13] Jahangir Karimi, Zhiping Walter, The role of dynamic capabilities in responding to digital disruption: a factor-based study of the newspaper industry, *Journal of Management Information Systems*. 32 (1) (2015) 39–81.

DOI:

<https://doi.org/10.1080/07421222.2015.1029380>

[14] Christian Matt, Thomas Hess, Alexander Benlian, Digital Transformation Strategies, *Business Information Systems Engineering*. 57(5) (2015) 339–343. DOI: <https://doi.org/10.1007/s12599-015-0401-5>