

# How Does Live Stream Promote Current Economic Development in China?

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## ABSTRACT

Since live stream has been increasingly popular in China, especially among young people. It has become a famous industry and played an important role in our economy in recent years. Besides, it promotes economic prosperity. However, there are also some issues that people haven't noticed. For instance, many businesses sell fake goods to obtain illegal benefits and cheat the fans. This article explores that how does live stream affects China's economy and the development of this industry in the future. According to some researchers, live streams have both disadvantages and advantages. Therefore, the article analyses the current situation of a live stream and points out main problems which ought to be solved by relevant departments as soon as possible, and also advises the government to strengthen supervision. This industry is valuable so that people are supposed to pay more attention to it and support its development. In the future, if it will be used fully and reasonably, it could promote China's economy, which has an important meaning.

**Keywords:** *Live stream, Live-stream Shopping, Development prospect*

## 1. INTRODUCTION

### 1.1. Background

Live streaming platforms are the online video that allows users to upload videos and information, and broadcast the content to audiences. By using platforms, businesses can build the brand awareness of customers, sell products, pass the information and advertising. The development and research of technologies enrich more services to users, increase interaction and activities, and thus satisfy the demand.

In China, live stream usually affects consumers in two ways. The first is to focus on products for consumption. Secondly, it is centered on social interaction. Through the interaction between the anchor and the audience, they can establish connection and loyalty, to promote consumers to trust in the quality of the products they sell.

Apart from this, many external factors have promoted the growth of live streaming-related industries in China. Due to the restrictions of the epidemic contact between people and social networking, the live streaming platform has made remarkable progress. It provides another way for people to consume and is

widely used in various fields, such as games. With the maturity of technology, it provides many conveniences for people's life. Therefore, in recent years, the number of users in the live streaming industry has been greatly improved.

With the increase of people's attention, the government has promulgated many provisions to restrict the norms of the live broadcasting platform, effectively providing more interests for consumers and safeguarding their rights and interests.

### 1.2. Related Research

Based on the research done by Ma, hedonic gratification is a prediction of shopping intention. In the live broadcast, customers can feel pleasure through the marketing strategy of the live broadcast platform, the chat function of the live broadcast, and the interaction with other users, to affect their willingness to shop [1]. Apart from this, live shopping has become a new consumer culture since the COVID-19. The off-take of live shopping is mainly due to the function of multimedia. The anchor can establish communication and contact with the audience by playing games and chatting. Interaction with audiences and potential consumers can promote the connection between them,

alleviate consumers' concerns, and improve their purchase intention. In particular, the convenience of the platform's reply, comment, click a link, and other functions improve the sales relationship and increase the participation of the audience. Hsu et al. conducted a study by providing surveys to 295 users, to predict users' loyalty to live broadcast service. The result indicates that compared with information satisfaction, perceived media richness has a more significant impact on audience satisfaction and loyalty. Specifically, the richness of the media includes linguistic diversity, and the satisfaction of the audience is mainly composed of entertainment, sociality, and so on. At the same time, customer loyalty also has an impact on brand reputation. In addition, the interactivity of live broadcasting can stimulate users' sense of pleasure [2]. According to Zhang, smartphones and other communication devices are almost necessary social tools for modern people. Therefore, information dissemination has brought more challenges to traditional media broadcasting and hosting on various websites. By using more means and Internet technology, network new media have improved the transmission speed of information and richer media forms. However, the anchor's competitiveness has also improved. Anchors without characteristics and styles are easy to lose opportunities in market competition [3].

Lu and Chen argue that the widespread of live broadcasts has promoted the prosperity of the commerce economy. On traditional e-commerce platforms, consumers' perceived uncertainty will be higher than live broadcasting. They are not sure whether they are suitable for the product and question the feasibility of the merchant. However, live broadcasts can eliminate these uncertainties. For example, arrange models of different sizes to display products, so that consumers can find more similarities, to reduce doubts. At the same time, through interaction with customers, we can build trust with them (believe in the quality of products) and tend to buy [4]. Chen and Lin researched by allocating 313 questionnaires from Taiwanese people, 65% of them watch live streams because it can their stress. It indicates that when the interaction between the anchor and the audience increases, it improves the perceived value and positive attitude of the audience. However, it mentioned that young people will pay more attention to the live content than the chatbox. At the same time, they concluded that the entertainment activities in the live broadcast have an impact on the audience's attitude, and their attitude also affects whether they are willing to continue to watch [5]. Liu and Rui searched the development prospect of live broadcasting listed companies. The authors took HUYA Company and Yingke Company as examples. It was found that broadcasting is developing faster and faster. What is more, the Broadcast market has expanded rapidly in recent years. It will bring lots of economic effects to companies. As more investments are put into broadcast,

this industry has great prospects in the future, The consequence shows that this industry will be increasingly popular in China, especially among young people [6]. Yang surveyed the influence of the Internet celebrity economy on college students' consumption behavior, taking live commerce as an example. The results reveal that with the rise of the new media era, most companies start to rely on cyber celebrities to take goods. It promotes the development of an economy. However, may arise all sorts of problems. For instance, some students are likely to have irrational consumption behavior and concept and form bad consumption views which ought to be noticed because the young need to build a right consumption view [7].

Lin pointed out some methods of improvement of broadcast patterns. The contents are increasing production efficiency, expanding marketing channels, increasing the number of advertisements, and combining with recent science and technology such as VR, AR, face recognition technology, and so on. By using appropriate ways, broadcasting will create more economic effects and Inject new vitality into economic development. Making good use of technology can give full play to the advantages of live broadcast, let customers enjoy the best service, and promote economic development and income [8]. According to Chen, there are a few advantages of the live broadcast. For instance, it can not only have a strong sense of participation and experience but also allows users to have a sense of trust and loyalty. In addition, the anchors and their teams are like fans, consumers, brands, and the media among the audiences. The anchors press the price to the brand to attract consumers at a low price. Apart from that, the live broadcast attaches importance to interactivity and entertainment, shares with fans, and stimulates their desire to purchase. It will increase sales and maximize brand revenue [9]. Zheng believed that live broadcast has some disadvantages as well. Because the Internet Market is so large that the government cannot manage it well, so the quality of products may be seriously affected. Moreover, the threshold for entering this industry is low, and they lack a sense of responsibility for maintaining network order. The low level of integrity of some personnel also hurts the interests of consumers. After receiving products, some consumers find inferior products and fake goods. Due to the lack of complaint channels, this phenomenon emerges one after another and cannot be controlled [10].

### ***1.3. Objective***

This article analyzes and forecasts the live stream based on its current situation with both benefits and drawbacks. It promotes the development of the economy and increases job employment around the country, which has a positive impact on society. However, exist several issues that required strengthened

control and supervision from the business and the government.

## 2. PEST ANALYSIS

According to the Report of Commercial Model Innovation and Investment Opportunities Analysis On China Webcast Industry of 2021~2026(2021), under the catalysis of the epidemic situation in 2020, the overall development trend of the live stream industry has reached a huge growth. The factors of this phenomenon are inseparable from the joint force of policies, market, participation of customers and strategies, and technology [11].

### 2.1. Politics

The Chinese government has promoted the development of the digital market by formulating several policies. In July 2020, the Ministry of Industry and Information Technology of the People's Republic of China released "The 2020 Work Plan of the Industrial Internet Special Working Group". Specifically, it brings the following opportunities to the live stream industry. First, by encouraging industrial enterprises to cooperate with basic telecommunications enterprises, upgrading or transforming the intranet, and building industrial Internet data, the infrastructure capacity of enterprises can be improved. Second, the promotion and construction of the platform can develop more Internet platforms. Third, put forward standards for network security and other technical aspects to improve technical ability. Fourth, international exchanges are conducive to cooperation with other Internet fields in application and promotion [12].

The improvement of technology, network security, network order, and international cooperation are all conducive to the development of live broadcasting enterprises.

### 2.2. Economics

When it comes to the market, according to the 44th statistical survey on China's Internet Network Development released by CNNIC, as of June 2019, the number of live webcast users in China had reached 433 million, an increase of 36.46 million over the end of 2018, accounting for 50.7% of the total Internet users. Among them, the users of live reality shows and live sports account for 24.0% and 22.7% of all Internet users, an increase of 4.3% and 1.5% respectively compared with the end of 2018, while the overall proportion of live game and live concert accounts for 28.4% and 13.6% of Internet users, basically the same as that in 2018. We can see that the live broadcast market continues to expand.

### 2.3. Social

As the Internet is widely used, now more and more people are willing to participate in live broadcasting, especially among young people. China has a famous app called Tiktok, which has been downloaded more than two million. A great number of people sell their products through this app and make a great fortune successfully. People think that it is not only a convenient way to do shopping but also helps save time. On the other hand, it has a significant social influence. As is known to all, covid-19 breaks out this year. Because of this serious epidemic, lots of people get into trouble, they even cannot work normally so that many families have an economic crisis.

Thanks to the positive effects of live broadcast, many network anchors donated money and food, calling on everyone to respond to the national call and isolate those who got the disease at home without adding trouble to the country. Because of the epidemic, China's economy has been impacted to a certain extent. This is why the anchor stepped forward to help sell goods that cannot be normally sold due to the epidemic. It also helps poor areas sell agricultural products and, to a certain extent, helps the country recover its economy.

### 2.4. Technology

According to He et al., the speed of 5G improves the information transmission among the society [13]. Based on ultra-clear image quality and delivery speed, it facilitates efficient contact and communication between consumers and sellers. In addition, it integrates AR/VR and other technologies into the e-commerce live stream to provide customers with a more realistic shopping experience compared with online shops, and interaction with sellers, which offers more opportunities for businesses, especially those in the mountain area. 5G technology shortens the distance between consumers and businesses, enabling them to have a more comprehensive and intuitive understanding of agricultural products. This promotes rural economic development and cultural dissemination and brings more revenue to the countryside. Apart from this, 5G can break the restrictions of live stream teaching on geographical location and time. It subverts the traditional live stream mode and no longer requires only network connection and computer as a live stream tool. The live stream app on the mobile terminal reduces the learning cost and gives customers more choices of geographical location and time.

### 3. DEVELOPMENT STATUS AND PROBLEMS UNDER THE BACKGROUND OF EPIDEMIC SITUATION

#### 3.1. Present Situation

Speaking of the current situation of live broadcast, according to a report, reveals that the live broadcasting market is larger, which has been an obvious trend. In 2015, there were nearly 500 live broadcast platforms nationwide, with a market scale of about 9 billion, the number of users reached 200 million, and the number of live broadcasting rooms exceeded 3000. It has three main features. The first is the diversification of content, which is divided into the game live broadcast, life live broadcast, and show live broadcast. Show live broadcast includes talent and chat. The game live broadcast takes up the largest market share and has the highest growth rate of 2.37 billion. The live broadcast includes food, campus life, fashion, listening to sports events, accounting for the lowest proportion. However, no matter what kind of platform is expanding, accelerating the development process of the industrial chain and also injecting new energy into China's economic development [14].

#### 3.2. Problem

Though the development of live stream obtains great success, several issues exist. Based on the survey done by CCA, Forward Intelligence (Qianzhan), and CBNDData (2020) on 5,333 respondents, 60.5% share of respondents were concerned about the product quality in live streams, and 44.8% were worried about after-sales services [15]. Specifically, quality control, counterfeits, and false advertising are widespread in live stream sales. A most live stream is not based on formal operating units, such as brick and mortar, but more on individuals or teams. The frequent occurrence of this phenomenon is also related to the insufficient control of the live stream team over the product and supply chain. Therefore, it is difficult to protect the interests of consumers and safeguard national security and public interests. For instance, on May 14, 2021, in the live stream of Weiya, a famous anchor in China, there was a scandal that affected her reputation. The portable neck fan produced by the joint between American brand Supreme and a domestic brand was sold in the live stream room, with a price of 198 yuan. However, there is no substantive cooperation between the two brands, but a fake joint.

To address this problem, on April 23, 2021, the Office of the Central Cyberspace Affairs Commission, National Radio and Television Administration, and other seven departments jointly issued the Administrative Measures for Network Live stream Marketing (Trial), performing from May 25, 2021[15].

Besides, the ambiguous legal relationship makes customers encounter some problems in after-sales service. The survey done by Beijing Consumer Association (2020) on 5,415 participants indicates that most of them when encountering problems would contact the live streaming platform. However, a small number of consumers will directly accept such results. To protect the rights and interests of consumers, the platform has made some adjustments to the live stream. For example, Snack Video, an app belonging to Beijing Huawei Technology, has retained more than 3 years of live content that exists in e-commerce transactions, which ensures that transaction information is backtracking and legal evidence. In addition, by arranging special personnel to review in the live streaming room, the platform takes measures to examine illegal acts, suspend the live broadcasting, ban account, etc[16]. Figure 1 reveals the scale of live stream users from 2016 to 2020 in China.

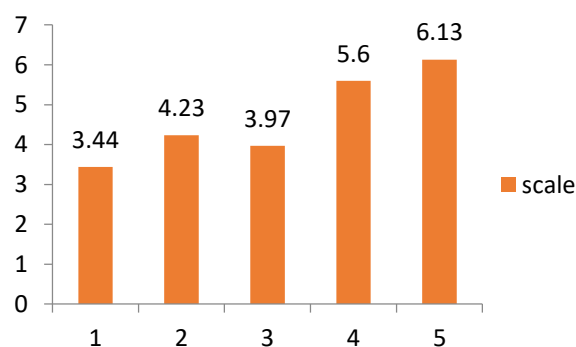


Figure 1 The scale of live stream users from 2016 to 2020 in China.

### 4. FUTURE DEVELOPMENT

#### 4.1. Supervision of Fake Goods

Although live broadcast has developed rapidly in recent years, we still need to realize its shortage. At present, the most serious problem of live broadcasts is that many businesses use inferior materials to make products to save costs. On one hand, the quality of products is affected seriously, which leads to lots of negative effects on this industry. On the other hand, it also harms the interests of consumers. Because of its harmfulness, the relevant departments must pay enough attention to it. The main reason for this phenomenon is that the live broadcasting teams do not strictly review the product, did not try the product, and check its composition and quality. In addition, some anchors sell products of poor quality and benefit from them. However, although webcast is a very popular field in recent years, once a large number of people sell fake goods on platforms, its reputation will decline soon. And it will be abandoned by consumers finally. To put an end to this kind of phenomenon, the government needs to formulate stricter laws, and those who sell fake

goods must be punished by the law, to deter those who also want to sell fake goods. At the same time, the platform must strengthen supervision, improve product quality requirements and review all products one by one. Products with poor quality are not allowed to be sold. Only in this way can the adverse phenomenon of webcast be effectively controlled, the interests of consumers be guaranteed, and webcast can continue to develop and drive the country's economic growth.

#### 4.2. Scenarized of Live Streaming

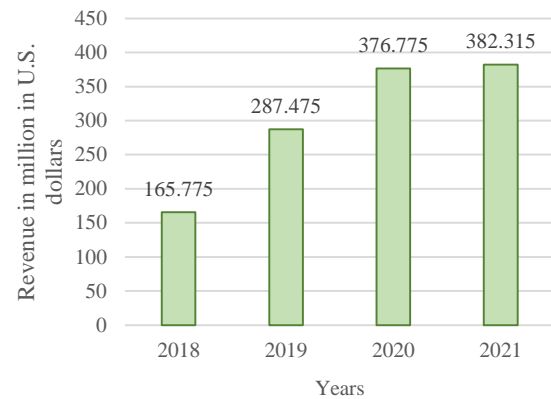
In the future, the live stream may become closer to life scenes and can be applied to more commercial fields, such as shopping malls, shops, tourism, decoration buildings, games, sports, and other fields. At present, there are many brands publicity, sales publicity, and live broadcasting. Through live broadcasting, it can effectively transmit information, interact with customers and cultivate users' loyalty to a brand. When new products are released, many brands will choose to show the whole process in the form of live streams, such as Apple. Therefore, the live broadcast can bring a more real sense of experience to the audience without being limited by time and space. Even, to reduce customers' concerns about the quality of the product, many businesses show the production process in the workshop through live broadcasting.

#### 4.3. New Driving Forces of Live Stream

Based on the Live streaming e-commerce in China report [15], the use of a smartphone, cellular network, VR, AI, transportation, and online payment allows the development of e-commerce and live stream. Specifically, firstly, there are 581m of smartphone users in 2015, and 925m users in 2020. The growth tendency demonstrates and the number of potential customers of live-stream is also increasing.

Second, more and more people choose e-commerce, which increases the efficiency of product transportation and decreases the price. For example, Express delivery spending per capita was 149.5 RMB in 2014, and reach 535 RMB in 2019[16] which illustrates the quantity of online shopping also increased. Thirdly, many third-party payments and providers allow customers to complete transactions quickly, greatly improving the convenience of transactions.

According to on Figure 2, illustrates the average revenue of each quarter live streaming service of Huya Inc. from 2018 to 2021. There is rapid growth from 2018 to 2020, while a slow growth rate from 2020 to 2021.



**Figure 2** Average revenue of each quarter of live streaming service of Huya Inc. in China from 2018 to 2021 (in million U.S. dollars) [17]

Hence, it forecasts that with the support of technology and the environment, the live stream will grow slowly in the future, rather than breakthrough progress.

#### 5. CONCLUSION

This article analyses how live-stream promotes China's economy and develops well in the current situation. It can be proved that live stream has taken a main role in the development of economy so far while it also has some problems that need to be solved according to several distinguished investigations by different investigators. For instance, some people produce products with bad materials, which affects the quality of products. Thus, live-stream is supposed to be used reasonably and appropriately so that it can develop better in the future. We hope to provide some useful suggestions to the government and related supervisors brought to the forefront the problems, to create a good network environment and build an honesty society. All of us should spare no efforts to keep live stream developing healthily and make good use of the advantages of live stream to promote China's economy. Apart from that, this industry is expected to be more and more popular in the future and offers young people lots of new opportunities because the Internet is widely used at present.

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