

# Rapid Development of Douyin Will Have a Great Threat to Taobao and Subvert the Industry Pattern

Haining Liu <sup>1,\*</sup>

<sup>1</sup> Department of Economics and Finance, The City University of Macau, Macau, 999078, China

\* Email: F20090100547@cityu.mo

## ABSTRACT

This article analyzes the data including double eleven turnover, anchor, and the customer satisfaction. It finds that the rapid development of Douyin has a huge threat to Taobao and has a trend to replace it. The study reveals that, firstly, Douyin is developing rapidly, and its turnover is much faster than Taobao. It is popular among people, but Taobao's return rate is rising and its satisfaction is decreasing. Secondly, because of Douyin's unique advantages and Taobao's obvious shortcomings. Therefore, the traditional model of business will be subverted, who can seize the flow entrance is the key. Finally, Taobao relies heavily on Li Jiaqi and Weiya, however, Douyin has many directions of development. Thus, Douyin has made the audience become the disseminators of short video works, thus forming a unique "vibrato" cultural trend. This trend also has Douyin's constantly updated development opportunities. Because Douyin keeps up with the trend, so it is inevitable to replace Taobao. Douyin has created a lot of entrepreneurship and employment opportunities and has made important contributions to ease employment pressure, expand employment scale and enrich employment types. So far, a huge, stable, orderly, and complex employment system has been formed around the platform of shaking. Meanwhile, Douyin has produced a series of positive effects on activating entrepreneurship, absorbing employment, innovating, stimulating consumption, etc. It has greatly promoted China's economic development.

**Keywords:** Turnover replace, Flow inlet, Key Opinion Leader

## 1. INTRODUCTION

### 1.1. Background

In 2019, New Coronavirus broke out and the global economy was hit hard. However, in the past two years, live consumption has shown great influence. China's consumer market has shown a steady recovery and sustained recovery, which plays an important supporting role in the stable recovery of the economy. Among them, the most representative of Douyin consumption are the two platforms of Taobao and Douyin. Taobao is a popular online shopping and retail platform invested and founded by Alibaba group. Its purpose is to make the world have no difficult business. Douyin is a mobile phone short distance video social application program that is run by smartphones. It is run by China byte beating company. Its purpose is to let everyone see and connect the larger world, encourage expression, communication, and record, inspire creativity, enrich people's spiritual world, and make real-life better. Taobao has been slower development than the Douyin

in recent years, so this article has made a more in-depth study of the development of Douyin and Taobao.

### 1.2. Related research

In recent years, online consumption has developed rapidly and has gradually become a major factor driving economic development. Stokburger-Sauer and Wiertz research Online consumption communities play a significant role in the life of many consumers. These communities remove temporal and spatial boundaries, allowing consumers to convene online to connect over a shared consumption interest anytime and from anywhere [1]. Later, we discovered that some influencing factors will affect the development of online consumption. so Cowart and Goldsmith research the influencing factors about motivations for online apparel consumption. They collect 357 US college students' ideas. Through data comparison, the result is shown that quality consciousness, brand consciousness, fashion consciousness, hedonistic shopping, impulsiveness, and brand loyalty were positively correlated with online

apparel shopping. Price sensitivity was negatively correlated with online spending [2]. Finally, the advantages and disadvantages of online consumption are analyzed by Yang and Zhao they focus on five major shortcomings and propose solutions, like the problems of information security and merchant credit, Not all goods are suitable to be purchased online, Lack real environment, and atmosphere of the shop and so on. It is concluded that if these limitations can be solved, online shopping will attract more and more consumers [3].

With the rise of online consumption, we can't help thinking, what impact does this online consumption have on the sales of goods? So Chen et al. research the adoption of a live streaming strategy for e-commerce on product sales. They established the causal relationship between the adoption of streaming media live broadcast strategy in e-commerce and online product sales. And found a 21.8% increase in online sales volume after adopting a live streaming strategy. So they conclude that live streaming plays a more efficient in product sales [4]. Later, after Jiang and Cai's investigation, it was found that it had a huge impact on consumers' impulse purchases on both manufacturers and retailers. They develop a live e-commerce supply chain pricing model with online influence as retailers, with which we investigate the effects of consumers' impulsive consumption behavior, satisfaction. Finally concluded, Affected by the live delivery of goods, people's desire for online shopping is becoming stronger and stronger, which can cause harm to the supply chain [5]. Finally, the live broadcast also has a certain impact on agricultural products and promotes the sales of agricultural products. So Chen research the promotion path of network live broadcast to the sales of agricultural products. Through analysis of the model, type, and content of live streaming of agricultural products, take Taobao and Douyin as an example to find that the influence of live broadcasting is expanding. Under the epidemic situation, agricultural products can be sold directly through video live broadcasting, avoiding the price difference of middlemen [6].

Every year on November 11th, due to the large discounts on major platforms and people spending frantically, this day is also called "Double Eleven". The rapid development of Double Eleven is closely related to online consumption. Akram et al. found the popular "double 11" festival in China is closely related to online consumption. So this study aims to investigate the structural relationship between utilitarian web browsing and online impulse buying behavior on the "Double Eleven" shopping festival. they set an AMOS21 model to analyze and collect the data from 426 online shoppers. final the conclusion is utilitarian and hedonic web browsing positively influence online impulse shoppers [7]. But after Yang et al research, we found that there are certain limitations behind Double Eleven. They

research why people don't participate in the "Double Eleven" activity, not why. By reading the "Double Eleven" relevant literature about 29 papers to find four main limitations: false promotions, false propaganda gimmick to attract customers and businesses manufacture and supply shortage. And analyze the impact of these limitations on the double 11. it concludes that the problems existing in the double 11 activities are also the main problems of online consumption, which will play a key role in the development of the online consumption economy [8]. Therefore, for the development of Double Eleven and online consumption, we must solve these problems.

With the development of the times, various virtual technologies have emerged, and they can also be applied to online consumption. However, there are still errors, resulting in serious discrepancies between physical and online, which reduces consumer satisfaction, so virtual shopping experience is a key factor affecting accuracy. So Gabisch and Gwebu research the multichannel effects that exist between virtual brand experiences and real-world purchasing decisions. through the date of Brand Attitude (BA) Self-Image Congruence (SIC) Real World Intention (RWPI) Perceived Diagnosticity (PD) and Behavioral Consistency (BC) to do linear regression analysis. Finally. Whereby the conclusion is these effects depend on the extent to which the virtual shopping experience is believed to be accurate [9]. Secondly, due to the rapid development of new types of e-commerce, the development of traditional e-commerce has been hit, and it has become an inevitable trend that new e-commerce will replace traditional e-commerce. Ahler's research has proved the possibility of substitution. He researches the hypothesized shift of news consumption from traditional media to online news media. This paper analyzes the traditional media and the online news media from the aspects of cost, income, and profit. Then they conclude that the online news media will act as a substitute for the traditional news media. For the majority, it will act as a complement [10].

### **1.3. Objective**

This paper finds Douyin will gradually replace Taobao by studying the development trend of Taobao and Douyin. Firstly, Douyin promotes economic development and double eleven turnovers and concludes that Douyin is booming. Then Taobao's share is gradually decreasing, due to the L'OREAL incident, people's satisfaction gradually decreases, and Taobao's development is slow. Finally, by analyzing the advantage of Douyin, we find that the key to development is to seize the traffic entrance and not to rely too much on KOL. Taobao relies too much on Jiaqi Li and Weiya, so this makes Taobao very dangerous. So Douyin poses a great threat to Taobao.

## 2. THE RISE OF LIVE STREAMING

### 2.1. Douyin live broadcasting to boost economic development

In recent years, China's economy has developed rapidly. In the past, China's economic development was too dependent on investment and exports. Now, consumption has played a key role in economic development. According to statistics, the contribution rate of consumption to economic growth in 2020 is 57.8%, driving GDP growth by 3.5 percentage points, becoming the first driving force of economic growth for

6 consecutive years. Consumption is mainly divided into two types, the first is consumption, and the second is offline consumption, as can be seen from Figure 1. The scale of offline consumption was still higher than that of online consumption in 2018, but in the past four years, online consumption has developed rapidly, with an increase of nearly 803%, while offline consumption only increased by 31%. In China, Taobao and Douyin are the most representative of online consumption, both of which have made great contributions to the development of online consumption. But in recent years, the development of Douyin has surpassed Taobao. People love Douyin very much, and Taobao has gradually declined.

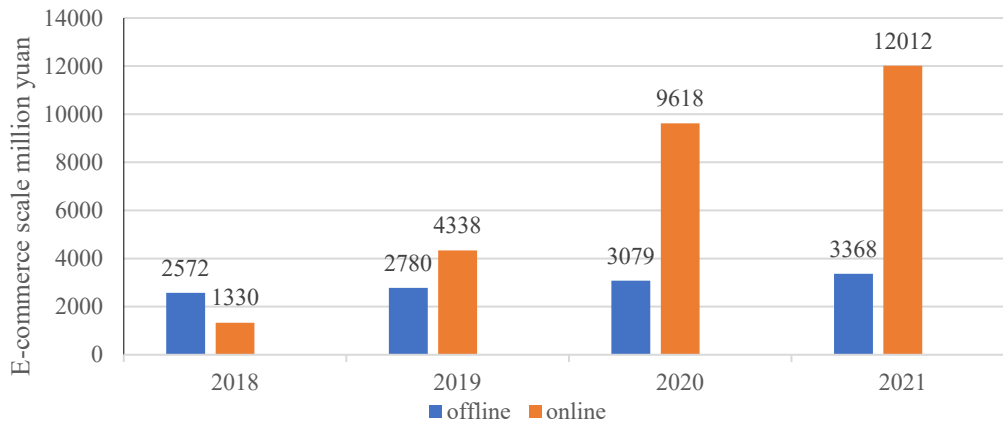


Figure 1 Comparison of the scale of online and offline consumption from 2018 to 2021.

### 2.2. Douyin develops rapidly

Douyin live delivery of goods refers to a new type of service method that uses live broadcast technology to display products and shopping guides at close range through some Internet platforms. On the one hand, "live delivery of goods" is more interactive and more affinity, so consumers can buy something, like in hypermarkets. As if you can directly communicate with sellers and even bargain; on the other hand, "live-streaming goods" can often achieve the lowest price on the entire network, bypassing traditional intermediary channels such as dealers and directly connecting goods with consumers. Especially for Internet celebrity anchors, the essence of live broadcasting is to allow viewers to watch advertisements, and it is necessary to provide maximum preferential power through means such as "seckill" to attract consumers and stick to them. In Figure 2: Douyin's sales volume has been increasing year by year, especially in the 2021 year, Douyin has played a huge role. According to the data of Douyin Double 11 Good Things Festival, from October 27 to November 11, 2021, Douyin e-commerce the cumulative time of the live broadcast room was 25.46 million hours. These data show that Douyin is booming.

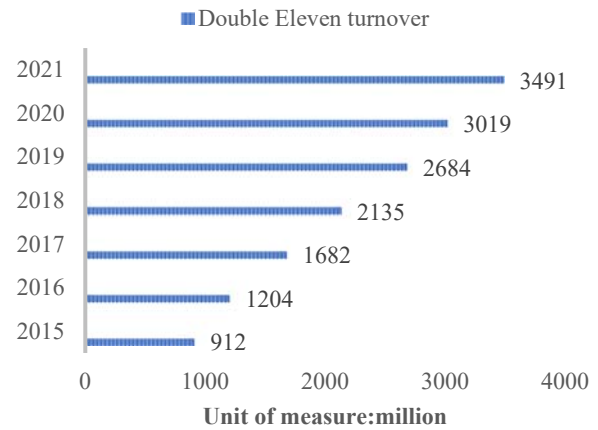


Figure 2 Douyin turnover on Double Eleven from 2015 to 2021

## 3. THE DEVELOPMENT SPEED OF E-COMMERCE SLOWS DOWN-TAKE TAobao AS AN EXAMPLE

### 3.1. Taobao was dominated by one family and gradually divided up by others

Traditional e-commerce forms a supply-side network synergy effect through retail, marketing,

logistics, and other processes, thereby improving the efficiency of the entire organization and further apportioning service costs. Like Taobao, T-mall, Jingdong, Suning, etc. However, this sales method has the following shortcomings and disadvantages: 1) It can only be in the form of pictures, which causes the pictures to be inconsistent with the real thing. 2) The Consumer-to-Consumer (C2C) model is difficult to guarantee after-sales, and consumers are not satisfied with it. 3) The amount of information is large and the information integration is not in place, making users unable to obtain valuable information, which in turn will reduce user stickiness. With the development of the times, these shortcomings have been magnified, which has also affected the development of traditional e-commerce companies such as Taobao. Figure 3 shows that Alibaba's market share has dropped from 66% in 2018 to 56% in 2020, and the decline has reached 10% in two years. With the rise of Douyin and Kuaishou live broadcast e-commerce, Ali's market share may further decline to below 50% in 2021. Alibaba is no longer the only one, its share is gradually occupied by Douyin and other emerging e-commerce. Therefore, traditional e-commerce companies such as Taobao have developed slowly and are beginning to decline.

**Table 1.** Alibaba Douyin and other platforms accounted for the market share in 2018 and 2020.

Company	Alibaba	Jing Dong	Dou yin	Others
In 2018	66%	19%	5%	10%
In 2020	56%	18%	12%	14%

In 2018, Alibaba was dominated by a single company. By 2020, Alibaba's share will be divided by Pinduoduo, Douyin, and Kuaishou.

**3.2. Traditional e-commerce suffers from customer complaints - Taking the L'Oreal incident as an example**

In recent years, with the emergence of new live broadcasting methods, Taobao's sales volume and the number of customers have been affected to a certain extent, but there are also some non-standard behaviors, such as the L'Oreal event in 2021. In Taobao's live broadcasting, the anchor said that it was the lowest price and the most preferential force in the whole year. Consumers bought it because of the discount, so at that time L'Oreal's sales increased by nearly 20%. However, a few days after the double 11, Taobao had a cheaper price, which made consumers very sad, they cheat the customers, and reduced consumer satisfaction, increasing Taobao's return rate of 6.7%. These behaviors of Taobao have seriously damaged its credit and made its development gradually slow.

**4. DOUYIN THREAT TO TAobao'S ELECTRICITY SUPPLIER**

**4.1. The advantage of Douyin**

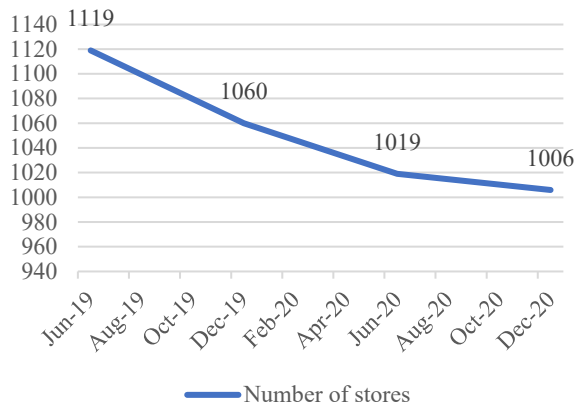
Taobao's five major weaknesses are becoming more and more serious. This directly affects the development of Taobao's e-commerce. The customer returns rate is higher and higher and satisfaction is lower. Therefore, consumers gradually turn to Douyin consumption. then where are the advantages of the Douyin?

"Star with goods" is a popular word recently, that is, star effect. Stars use their advantages to promote goods to fans, which helps to establish stickiness and enhance the sense of trust between live stars and fans; This is in sharp contrast to Taobao. Some Taobao merchants put photos of stars on their goods. The stars don't know at all, resulting in false publicity, which deceives fans and consumers, and gradually reduces the trust of Taobao.

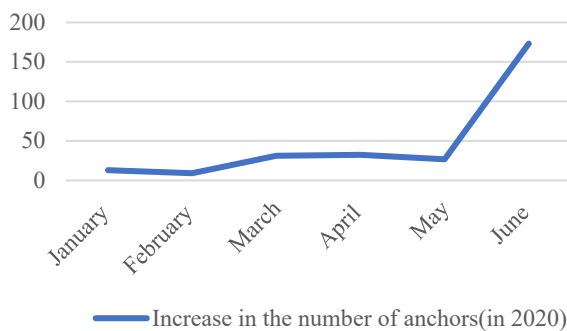
The phenomenon of "mobile phone doesn't leave hands" is a key feature of contemporary people. When you open your mobile phone to watch a short video in your free time, suddenly you see your favorite anchor who is selling goods through live streaming. You didn't plan to buy it. Now you suddenly want to buy it when you see the video. This is also Taobao's limitation. People usually need to go to Taobao to find this characteristic. Greatly increased the demand.

**4.2. Traditional e-commerce model will be subverted**

E-commerce can be divided into traditional e-commerce and social e-commerce. What is traditional e-commerce? They put the goods in offline stores and sell online, which also means turning the store from an entity into a store on the Internet, such as Taobao. What is social e-commerce? with social e-commerce sites, use social media transmission channels, social interaction, and other means to assist in the purchase and sale of goods, such as Douyin. With the development of times and science and technology, traditional e-commerce is becoming more and more unpopular. For e-commerce, the price competition is fierce and the traffic cost is too high; For physical stores, the passenger flow is limited and the rent remains high; Through the traditional e-commerce marketing model, it is difficult to double the performance. Therefore, most people change from traditional e-commerce to new social e-commerce. Social e-commerce has low costs and can stimulate offline development. As can be seen from Figure 4, the number of Taobao stores decreased from 2019 to June 2021. In Figure five, we can see that the number of voice anchors in Douyin increased sharply in 2021, which reflected the traditional mode of electricity supplier being subverted and turned to social business.



**Figure 3** Statistics of total Taobao stores from June 2019 to December 2020 (Unit: 10000)



**Figure 4** Douyin the number of anchor increment month trend in 2020

Social e-commerce is developing rapidly, but what can ensure its survival is network flow. Only network flow can help e-commerce realize the value and complete the final business closed loop. With the passage of time and the advent of the Internet 2.0 era, the network flow and entrance of the Internet have become search engines. We want to know something. Any information will be searched through search engines such as Baidu or Google. No longer like the previous Internet 1.0 era, I will see what you give me,

**Table 2.** Sales list of Taobao anchor in 2021 double 11

	The number of fun	sales volume	The sales turnover
Li Jiaqi	5490.64w	3615.81w	106.53(hundred million)
We Ya	8646.43w	2483.40w	82.52(hundred million)
Cherie	3190.65w	363.41w	9.3(hundred million)
Lie Er	1539.82w	107.62w	1.59(hundred million)

For Taobao, on the one hand, it hopes to expand its influence with the halo of KOL, on the other hand, it doesn't want KOL to put pressure on the platform. In recent years, Taobao has given traffic support to other anchors, and it has encouraged businesses to broadcast by themselves. The person in charge of Taobao's live

but search what you want to know through search engines. Such a change has mobilized the enthusiasm of consumer Internet users to discover the unknown. Therefore, Douyin firmly grasped the entrance of the four major traffic streams: searching, nearby, recommending, and intercepting the flow, to make it develop smoothly. Douyin is heading towards the mainstream of new media, "positive energy, good quality, high capacity, and large network flow".

### 4.3. Taobao is over-dependent on Jiaqi Li and Weiya

A key opinion leader (KOL) means a person who has more and more accurate product information, they are accepted or trusted by relevant groups, and has a great influence on the purchase behavior of this group. On Taobao, KOL is Li Jiaqi and Weiya. It is precise because of Li Jiaqi's affinity to the people and Weiya's star aura, as well as their early steps in the field of Taobao live to broadcast, that they occupy the advantages of time, place, and people, and finally become the anchor of the dominant party. The data in their Taobao live room is also like a snowball. More and more people watch it, and the amount of goods is increasing. However, Taobao is too dependent on KOL. In Figure 4, according to the statistics of the Taobao platform on the double 11 in 2021, Weiya and Jiaqi Li are far ahead, Weiya's sales are ten times that of the third place, accounting for almost 63% of the double 11 turnovers. If Li Jiaqi and Weiya go to other platforms, the double 11 turnovers of Taobao will be reduced by nearly 20 billion, which is a devastating blow to Taobao, This also reflects that Taobao is too dependent on Jiaqi Li and Weiya, which greatly affects its development potential.

broadcasting business even stressed that businesses should separate from the concept that live broadcasting is only a tool for store marketing and realize that business self broadcasting should become the business of stores. In the face of the fierce competition and threats of Douyin, Taobao is not particularly reassured

by the two KOL, who can decide to stay or leave at any time. But it has to rely on them. In the past, Douyin and Kuaishou invited them and promised very tempting conditions. Have no alternative against its will. Taobao finally promised to give Li Jiaqi a fixed primary entrance to the exclusive live studio on the Taobao app and ensure the flow of primary and secondary entrances, to retain Li Jiaqi. So if Taobao does not solve the problem of relying too much on KOL, then it will be possible to replace Taobao with shaking.ch on KOL, then it will be possible to replace Taobao with shaking.

#### ***4.4. The development of Douyin is more extensive.***

Douyin is different from Taobao. Because Taobao relies heavily on Li Jiaqi and Weiya. Taobao is worried about Li Jiaqi and Weya's actions and has been greatly restricted by its development. However Douyin has many directions of development, It does not depend on one or two anchors. According to the data of "double eleven" anchor in 2020 and 2021, the top ten anchors has changed greatly. The top three of this year's list: Jia Nailing, Yan Zhen couple, Luo Yonghao did not enter the top ten last year. So we can see that in the live broadcast platform, everyone's potential is infinite. Douyin does not depend on KOL. Secondly, the main direction of the development of Douyin is a short video. By signing many anchors and MCN institutions to ensure the continuous output of quality content, It maintains user activity and ensures the sustainability of original content. This is the key element to keep the development of Douyin. Finally, Douyin can also enable let users share their lives. Users can choose songs and short videos to form their works. You can also upload and edit your works. People imitate the hot video. so Douyin not only to satisfy their pleasure but also to make the voice satisfaction and popularity higher and higher. So we can see that the Douyin is not dependent on KOL, but has its way of development.

## **5. CONCLUSION**

The paper analysis that Douyin's live broadcast is developing rapidly, but Taobao is developing slowly. so finally the article concludes that Douyin will replace Taobao. This shows that Taobao, which everyone has used for more than ten years, will be eliminated. With the development of the times, traditional e-commerce will be weak, and Douyin which is in fashion will become the mainstream. Therefore, for Taobao, to change the current situation, firstly it must better guide users to shop and meet the needs of different user groups, secondly Taobao should introduce better anchors, and do not rely too much on KOL. For Douyin, a large market group and marketing content are its advantages. At the same time, it is necessary to innovate higher-quality products to avoid the blows caused by the

continuous influx of competitors and strong substitutability. The use of the function of Douyin has not only promoted the spread and exchange of Chinese culture but also played an important role in promoting employment. Douyin improves the development of offline industry and also contributes to technological innovation, industrial development, and economic growth.

## **REFERENCES**

- [1] N.E. Stokburger-Sauer, C. Wiertz, Online Consumption Communities: An Introduction, *Psychology & Marketing*, vol. 32, no. 3, 2015, pp.235–239.
- [2] K.O. Cowart, R.E. Goldsmith, The influence of consumer decision-making styles on online apparel consumption by college students. *International Journal of Consumer Studies*, vol. 31, no. 6, 2007, pp.639–647, DOI: <https://doi.org/10.1111/j.1470-6431.2007.00615.x>.
- [3] J.X. Yang, H.X. Zhao, J. Wan, Research on the advantages and disadvantages of online shopping and corresponding strategies. In *2010 International Conference on E-Product E-Service and E-Entertainment*, 2010, November, pp.1-3.
- [4] C. Chen, Y. Hu, Y.Lu, Y. Hong, Everyone can be a star: Quantifying grassroots online sellers' live streaming effects on product sales, 2019, DOI:<https://aisel.aisnet.org/cgi/viewcontent.cgi?article=1551&context=hicss-52>
- [5] Jiang, Y., & Cai, H. (2021). The Impact of Impulsive Consumption on Supply Chain in the Live-Streaming Economy. *IEEE Access*, 9, 48923-48930. DOI: 10.1109/ACCESS.2021.3068827
- [6] J. Chen, L. Wang, L. Bu, Research on the promotion path of network live broadcast to the sales of agricultural products. In *E3S Web of Conferences*, EDP Sciences, Vol. 218, 2020, DOI: [https://doi.org/10.1007/978-3-540-30494-4\\_16](https://doi.org/10.1007/978-3-540-30494-4_16)
- [7] U. Akram, P. Hui, M.K. Khan, M. Hashim, Y.Qiu, Y. Zhang, Online impulse buying on “double eleven” shopping festival: An empirical investigation of utilitarian and hedonic motivations. In *International Conference on Management Science and Engineering Management*, 2017, July, pp.680-692, DOI: 10.1007/978-3-319-59280-0\_56
- [8] L. Yang, R. Gao, S. Tong, Research on online shopping problems behind the “Double Eleven” shopping festival. In *The Strategies of China's Firms*, Chandos Publishing, 2015, pp.137-147, DOI: <https://doi.org/10.1016/B978-0-08-100274-2.00009-1>

- [9] J.A. Gabisch, K.L. Gwebu, Impact of virtual brand experience on purchase intentions: the role of multichannel congruence. *Journal of Electronic Commerce Research*, vol. 12, no. 4, 2011, pp.302, DOI:  
[http://www.jecr.org/sites/default/files/12\\_4\\_p05.pdf](http://www.jecr.org/sites/default/files/12_4_p05.pdf)
- [10] D. Ahlers, News consumption and the new electronic media. *Harvard International Journal of Press/Politics*, vol. 11, no. 1, 2006, pp.29-52. DOI:  
DOI: 10.1109/ACCESS.2021.3068827