

Research on the Current Business Model and Future Development Trends of China's Live Streaming E-Commerce Industry

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ABSTRACT

Livestreaming e-commerce is an e-commerce business model that has developed rapidly in China in the past two years and has vast sales capacity and marketing communication value. E-commerce live broadcasting is another iterative development of technology-driven media business functions. Its essence is to achieve the re-consumption of commodity purchases by promoting the audience's media and consumption. Based on the investigation of the live streaming e-commerce industry, this study analyzes the development of live streaming e-commerce, MCN institutions and live streaming bases, and the cognitive evaluation of the live streaming e-commerce model. It explores the future development trend of the live streaming e-commerce industry. The network broadcast anchors (sellers) and users (consumers) have more roles, rights and modes of expression, which are different from the existing business model, driving changes in industrial structure, business model, shopping form, leading role, sales rules, consumption experience and other aspects. In general, the domestic live streaming e-commerce enterprises have gradually stepped into a normal stage and different cities have formulated incentive and support policies for developing Livestream e-commerce from the aspects of supporting MCN institutions, Livestream bases and attracting Livestream talents. This large-scale empirical study has specific reference significance for standardizing the live streaming e-commerce, developing the e-commerce direct broadcast industry and breaking the development dilemma of the real economy.

Keywords: Livestreaming, e-commerce, business model

1. INTRODUCTION

Since 2015, mobile network live streaming platforms have emerged, and various types of live streaming software have been installed on the mobile phones of netizens and flooded into people's lives [1]. Celebrities, influencers and people from all walks of life interact with the audience during the live streaming [2]. In 2017, the state issued policies to rectify live streaming platforms, making their development more standardized. The live streaming platform made a commercial attempt to market products to the audience through live streaming, which achieved great success. In 2019, according to survey data, the total online live streaming sales in China exceeded 430 billion yuan [3]. In 2020, due to COVID-19 prevention measures, live streaming shopping became more popular, with transaction volume surging and annual sales doubling, and live streaming e-commerce

has become a new hot spot [4]. The reason why e-commerce live shopping can be favoured by consumers and achieve outstanding achievements in a short period is that it firmly caters to consumers' consumer psychology. The COVID-19 epidemic has accelerated the popularity of online live shopping. As an intuitive, convenient and interactive consumer revolution, live streaming plays a positive role in meeting the consumer demand of the masses and realizing the upgrade of online shopping. However, immersed in the contemporary consumer entertainment atmosphere, livestream shopping has been branded with the brand of consumerism culture from the very beginning. The bustling live streaming landscape creates what Baudrillard calls the hyper-real world and symbolic illusion, while at the same time, the problems it brings also exist objectively. In the process of live streaming shopping becoming more and more deeply integrated into people's lives, a remarkable fact is that

many consumers begin to pursue the value of self-consumption and happiness, indulging in being interested in lots of stuff and stocking up. A group of one-way payers and the person who pays the balance have emerged. Therefore, based on the investigation of the livestream e-commerce industry, this study intends to study the status quo of live streaming, problems, and advantages of brand marketing, analyze the development of MCN institutions and livestream bases, and investigate the cognitive evaluation of the livestream e-commerce model.

2. LITERATURE REVIEW

2.1. Network Livestreaming

Network broadcast is a new form of network interaction that relies on the network and intelligent terminal equipment. The anchors will display and publish real-time events of the anchors and their surroundings to users on the platform of the live broadcast website through intelligent terminals and live broadcast application software [5]. On live streaming, viewers can simultaneously communicate with anchors or other viewers through bullet screens or messages and express their thoughts, opinions, and feelings. With the development and innovation of network broadcast, network broadcast content becomes more affluent and more prosperous. By combining network broadcast with e-commerce, education, e-sports, performing arts, sports and other fields, they promote each other and complement each other with their advantages. These industries burst into new vitality.

2.2. E-commerce Livestreaming

E-commerce live streaming is a branch of network live streaming. Based on the sales platform, salespeople act as anchors to show commodities to the audience through online live streaming, while the sales anchors interact with the audience. In the live broadcasting process, there will be various preferential activities to stimulate the audience's consumption behaviour. E-commerce live broadcasting organically combines anchors, consumers and commodities and enables consumers to have a more intuitive and vivid all-round understanding of commodities through live displaying. With the rise and great success of network live broadcasting, the model of 'live +' has been adopted by Taobao, Jingdong, Pinduoduo and many other e-commerce platforms. It combines the social function of live broadcasting with traditional e-commerce and reintegrates people, goods and markets. With the rapid popularity of online live streaming, live broadcasting channels have gradually become a new growth of e-commerce performance [6].

2.3. Live Shopping Participants

The anchors in the broadcast room of e-commerce mainly include influencer anchors, store anchors, celebrity anchors, etc., and forms of double anchors or multiple anchors. Influencer anchors have many fans, great attention, rich sales products and strong sales ability [7]. Store anchor refers to the display of in-store products by the electronics store staff, whose introduction is professional, but the consequences are limited to in-store products. The celebrity anchor can help achieve greater attention and sales through the star effect, and consumption is also considered entertainment. The main task of all kinds of anchors is to show the products in an all-around way, introduce the user experience, interact with consumers in real-time, understand and meet the needs of consumers, and let consumers buy while watching to achieve sales goals. The viewers and consumers of e-commerce live streaming are young people, mainly 20-40 years old, and survey data show that this age group accounts for 83% [8]. They have strong purchasing desires and specific purchasing abilities and are the main force of e-commerce live broadcast shopping in China.

3. MEDIA RECONSUMPTION ITERATIVE DEVELOPMENT

In the 1980s, TV shopping, which was born in the United States based on TV media, was the initial function of selling media goods. Later, it rapidly expanded to some countries and regions in Europe and Asia, such as Japan, South Korea and China's Taiwan, and the channels became more and more detailed. Mainland China's first TV shopping program was launched in 1992 on the Pearl River Channel in Guangdong Province. The first TV shopping channel was launched on Beijing TV station in 1996, followed by numerous shopping channels on TV stations throughout the country.

Marx put forward the idea of destroying space with time in the middle of the 19th century. He believed that destroying space with time means reducing the time it takes for goods to move from one place to another to the minimum. TV shopping constructs a dummy shopping mall in the form of programs, saves travel time with video transmission technology, eliminates the space between the commodity distribution centre and consumer residence, and opens the era of long-distance shopping with interpersonal communication under mass media and video viewing. About ten years later than TV shopping, Internet shopping appeared in the United States at the end of the 20th century. It is a remote consumption mode of choosing and buying goods based on Internet text and picture information, commonly known as e-commerce shopping. In early 1998, the U.S. government announced three draft tax exemptions to distinguish online shopping from traditional trade methods. In that year, 1 million

people in North America purchased goods online. Since 2000, e-commerce shopping has gradually become a common way of shopping worldwide. Compared with TV shopping, e-commerce shopping has more freedom of time and space, more abundant goods, and has the function of consumer information feedback and evaluation. More than ten years later than e-commerce shopping, online live shopping, namely e-commerce live shopping or online live shopping, is a shopping mode that uses Internet video live broadcasting technology to display and trade goods. It integrates not only many features of TV shopping and e-commerce shopping but also adds many advantages due to technological improvement. The live broadcast platform has become a big show and exchange venue for people, objects and scenes. There are not only ordinary people selling little-known small products, but also the official live broadcast of well-known brands, and even celebrities, influencers, presidents, officials and shop owners selling goods live.

4. DEVELOPMENT STATUS OF THE DOMESTIC LIVE BROADCAST E-COMMERCE INDUSTRY

4.1. Development and Change Trend of Domestic Livestreaming E-commerce

By observing the changes in the number of live broadcasts in major Chinese cities (Chengdu, Guangzhou, Hangzhou, Ningbo and Suzhou) on the Taobao live broadcast platform from January 2020 to February 2021 (Figure 1), it was found that the number of live broadcasts had a peak in May 2020 and then showed a relatively stable decline. This peak may be due to the development of the housing economy promoted by the epidemic and the high enthusiasm generated by the extensive participation of the whole society in the live broadcast poverty alleviation activities advocated by the government. The relevant policies and supervision are increasingly strengthened, and the live streaming industry tends to develop in a standardized way. The domestic live streaming e-commerce enterprises have stepped into a normal stage, and it is difficult to reach the peak again. In addition, the search index of live broadcast goods in the Baidu search index also shows similar characteristics to Taobao live streaming times, with the peak appearing in May 2020 and then showing a downward trend. However, the recent downward trend is not significant and is generally stable. The information index shows the characteristics of pulse-type, with several peaks successively occurring, but the index is low and stable. This indicates that the attention to live streaming will suddenly increase because of individual events, but the widespread attention is not too high. In general, from March to July 2020 is the outbreak period of live streaming e-commerce. After the participation of local government officials in live streaming and the

activities of live streaming shopping festivals held in various places, the popularity of live streaming e-commerce gradually returned to rationality and is now entering a relatively stable and normal stage.

4.2. Livestreaming E-commerce in Various Cities

To understand the distribution pattern of the domestic Livestream e-commerce industry in various cities, this study selected the data of the Taobao Livestream platform and Douyin Livestream platform for analysis. The Research report on the Regional Development Index of China's Livestreaming e-commerce (2021) is a report released by AliResearch based on the data of the Taobao live streaming platform. The report builds a development index of live streaming e-commerce, which can comprehensively and systematically measure the development status of live streaming e-commerce in various regions and counties in China. According to the statistics of the List of top 100 areas of National live streaming e-commerce, Hangzhou and Guangzhou each have nine regions on the list, ranking first and second in the country [5]. From the related index of live broadcast e-commerce, the development of different regions is extremely uneven. The growth of Livestream e-commerce is mainly dependent on traditional e-commerce enterprises. Guangzhou and Hangzhou have gathered major Livestream e-commerce enterprises in China and occupy a prominent leadership position. The integrity of MCN organization construction and sales of its industrial belt is far superior to other cities in China. However, the scale of e-commerce live streaming in different regions is relatively tiny, manifested in the development of regional characteristic e-commerce live streaming based mainly on relying on the original industrial belt [6]. For example, Shishi City, Dehua County and Jinjiang City of Fujian province are the three districts and counties in the list of top 100 regions of live streaming e-commerce, mainly clustered in Quanzhou city, relying on the original production area of clothing, shoes and hats, highlighting the characteristics of industrial cluster.

5. POLICY ANALYSIS OF GOVERNMENT LIVESTREAMING E-COMMERCE

Given the positive social value and substantial economic benefits of the live streaming industry, various ministries and commissions have issued several incentive policies to encourage and promote the development of the live streaming industry. For example, on February 25, 2020, the Ministry of Commerce and others urged Livestream short video platforms to provide online traffic support for unsalable agricultural products in their opinions on supporting the healthy development of new business forms and models activating the consumer market, promoting employment expansion. On July 15,

2020, the National Development and Reform Commission, the Ministry of Commerce and other departments issued opinions on supporting the healthy development of new forms of business and new models, activating the consumer market, promoting the expansion of employment, and advocating the self-employed employment model of diversified time-sharing engagement in the form of a network broadcast. Various provinces and regions also a positive response to national policy, introduced the related policy package layout development of electricity live. Livestreaming in Guangzhou and Hangzhou electrical business development is most prominent. Therefore, this study analyses the local governments' support policies for Livestream e-commerce in these two cities. At the same time, it also examines the policies of direct-broadcast e-commerce in Chengdu and Qingdao, which is similar to Xiamen [7].

In general, these cities have formulated incentive and support policies for developing Livestream e-commerce from the aspects of supporting MCN institutions, Livestream bases and attracting Livestream talents. However, there are differences in policies among different cities in the following elements.

5.1. Support for Streamer Anchor

In terms of support for anchors, Guangzhou, Hangzhou, Chengdu and Qingdao all mentioned providing high-level talents of Livestream e-commerce with living support such as house purchase reward, rental subsidy, children's settlement and medical security and are required to actively carry out training for Livestream e-commerce, support and cultivate online celebrities. From the point of view of talent evaluation award, the award degree of each city is different. The Hangzhou award is the most generous, and the highest award is as high as 2 million yuan.

5.2. Support for Livestreaming Operators

For Livestream e-commerce service institutions, e-commerce platforms, MCN institutions, Livestream operators and other aspects, the current form of incentives in Qingdao is relatively simple, mainly income-generating stimuli. In Guangzhou, Chengdu and Hangzhou, incentive measures are more diversified, providing multiple support for live streaming operators to settle in, generate income, honour, listing rewards and operating subsidies, which are more attractive. In terms of operating subsidies and general subsidies for house purchase and rental, Guangzhou also provides logistics subsidies. Meanwhile, compared with Qingdao and Guangzhou, the Wuhou District of Chengdu and Yuhang District of Hangzhou provide signing incentives, such as incentives of different amounts (300,000 to 1,000,000 yuan) according to different sales of MCN institutions.

5.3. Support for Live Incubator, Park and Base

Chengdu has not introduced specific incentive measures for Livestream business incubators, Livestream e-commerce industrial parks and Livestream bases, while Guangzhou, Qingdao and Hangzhou have supported the comprehensive policy. For example, Guangzhou Huadu has given financial incentives to Livestream e-commerce industrial parks (bases) identified by the state, province and city. Yuhang District of Hangzhou will provide a subsidy of one million yuan to the incubation carriers and direct broadcast rooms of the qualified direct broadcast e-commerce. Qingdao Chengyang District also offers various kinds of financial subsidies to the Livestream e-commerce enterprises that meet the requirements. In addition to the differences mentioned above, all four regions have given policy support to brand owners and industry associations. In general, Chengdu, Guangzhou, Qingdao and Hangzhou all actively formulate relevant policies and feasible development goals and tasks based on their industrial chain and the advantages of their cities to boost the development of the e-commerce direct broadcast industry and break the development dilemma of the real economy.

6. CONCLUSIONS

After the peak of live streaming shopping in 2020, the domestic live streaming e-commerce enterprises have gradually stepped into a normal stage, and it is difficult to reach the peak again. At the same time, the relevant policies are increasingly strengthened, and the live streaming industry is developing in a more standardized way. In general, different cities have formulated incentive and support policies for developing Livestream e-commerce from the aspects of supporting MCN institutions, Livestream bases and attracting Livestream talents. Specifically, in terms of support for anchors, Guangzhou, Hangzhou, Chengdu, and Qingdao provide high-level talents of Livestream e-commerce with living support. In terms of Livestream e-commerce service institutions, e-commerce platforms, MCN institutions, and Livestream operators, Guangzhou, compared with Qingdao, Chengdu and Hangzhou, have more diversified and attractive incentive measures, providing multiple support for live streaming operators to settle in, generate income, listing rewards and operating subsidies. In terms of Livestream incubators, parks and bases, Chengdu has not introduced specific incentive measures, while Guangzhou, Qingdao and Hangzhou have supported the comprehensive policy. These comparisons have important reference significance for standardizing the live streaming of e-commerce, developing and strengthening the live streaming industry of e-commerce, and promoting the development of the real economy.

As media technology updates and iterates faster and faster, brand marketing communication means are

constantly changing. As the most intuitive means of transformation, the study of live broadcasting with goods is of great significance to the future direction of brand marketing. Through reading many journal articles, this paper studies the status quo of live commerce and the problems and advantages of brand marketing. Most of the studies on live streaming are still focused on consumer psychology and opinion leaders. The author believes that more profound insights can be made into brand marketing in the future. In the past, "brand building" and "transforming sales" were two separate parts of brand marketing, and users tended to believe what they felt and saw. But in the brand marketing of direct broadcast room, the brand tends to bundle the brand communication and sales. In addition, the role of opinion leaders in live broadcasting and the consumption concept constructed for users should not be underestimated. However, the live broadcasting industry is in chaos as a new industry. When selecting opinion leaders, brands should do a more thorough evaluation. At the same time, although the brand price war has a significant help to short-term sales, it is not a long-term solution. Attracting users' consumption by giving gifts during the live broadcast will eventually weaken the brand power as a cost, and users will reduce their loyalty to the brand. In this paper, future marketing research on brands in live streaming can also be carried out from broader perspectives such as "how to use opinion leaders to market in live streaming" and "how to build brand power in live streaming", to promote the sustainable development of brand marketing in the field of live streaming e-commerce.

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