



Whether can Live-Streaming Save the Troubled Company

Siyuan Zhang

University of Bristol, Bristol, United Kingdom

E-mail: Zhangsiyuan2022yes@163.com

Abstract. Over the past decade, live streaming has emerged as a powerful marketing tool that has reshaped the retail landscape and influenced consumer behaviour. This study uses the case of Erke to explore whether live-streaming sales can be a lifeline for troubled companies. Erke, once a well-known Chinese sportswear brand, faced financial and competitive challenges but achieved recovery through strategic live-streaming campaigns. By analyzing sales performance and brand awareness before and after the adoption of live-streaming, this study evaluates the effectiveness of this approach in revitalizing a declining business. The findings suggest that while live-streaming can generate immediate sales and increase brand awareness, long-term business success depends on factors such as product quality, supply chain management, and continued customer loyalty. This paper contributes to the ongoing discussion on digital transformation in the retail industry and provides insights into the strategic potential of live-streaming as a business recovery tool.

Keywords: Hong Xing Erke, Live- Streaming, Domestic Brand, Social media

1 Introduction

1.1 The Current Situation and Challenges Faced by Domestic Brands

Today, the most talked-about issue is the growth of homegrown brands. Cheng (2023) asserts that China's progressive transition from low-end to high-end manufacturing is what has led to the growth of indigenous brands. Strong national backing for "Made in China" has led to the emergence of several high-quality domestic brands that have steadily taken market share. Both the economic growth and the enhancement of China's soft power have benefited from this. The emergence of homegrown brands has improved China's standing and respect abroad and helped the world learn more about and comprehend China [1].

However, the emergence of homegrown brands also presents a number of opportunities and problems. First, domestic brands are under more and more pressure from competitors in the market to consistently enhance their quality and services in order to win over customers' confidence and support. Second, in order to advance steadily, domestic companies must focus more on their cultural heritage and brand image [1].

© The Author(s) 2025

P. S. Borah et al. (eds.), *Proceedings of the 2025 5th International Conference on Enterprise Management and Economic Development (ICEMED 2025)*, Advances in Economics, Business and Management Research 346, https://doi.org/10.2991/978-94-6463-811-0_51

Dixon (2018) asserts that maintaining the long-term competitiveness of brand strategy is the key challenge Chinese businesses face [2]. To build brand competitiveness and satisfy global standards, the majority of international trade firms rely on a single quality management system. A successful brand must be carefully shaped and managed, encompassing advertising, business planning, product positioning, cost control, and ongoing innovation and development in response to market shifts. Some Chinese businesses prioritise reducing internal losses above enhancing brand management and operating skills, which leaves them lacking in pertinent talents [2].

Second, the majority of Chinese businesses overlook long-term brand development in favour of sales achievement. On the one hand, most businesses think that brand building is the way of the future since brand strategy is often long-term and trailing. Because of the existing governmental backing for exporting, businesses are more concerned with achieving rapid success than building enduring Chinese brands. When it comes to brand management and operation, the majority of Chinese businesses focus too much on sales and brand reputation. Numerous issues have arisen in the manufacturing and distribution process due to the absence of a unique brand management system, which has become a weak point and made it hard to properly oversee and regulate company personnel [2].

1.2 Literature Review

The way customers engage with businesses and products has been totally transformed by live streaming, which offers a vibrant substitute for conventional e-commerce platforms. This technology offers a more immersive and interesting purchasing experience by utilising real-time streaming technology. This approach gives customers a deeper comprehension of the qualities and advantages of the products as well as richer, more comprehensive product information. Because live streaming uses a one-to-many concept, a single presenter may communicate with a huge number of viewers simultaneously. In addition to encouraging online buying, this strategy fosters a community where guests may engage with hosts and one another. Customers may share their shopping experiences in real time, ask questions, and offer feedback throughout the live broadcast. Because customers can get prompt answers to their questions and make more informed judgements about what to buy, this interactive feature increases customer happiness and confidence. E-commerce live streaming is a revolutionary kind of shopping that differs from traditional online buying in a number of ways [3].

1.3 Domestic Application Scenarios

Douyin is one of the most well-known live-streaming websites in China. On Douyin, a lot of people create videos to draw in viewers and grow their fan base. Some firms may deliberately go out to bloggers to ask them to help promote the video or live stream products once the fan base is large enough. The relationship between the quantity of clicks and the blogger's revenue implies that the more clicks a blogger receives, the more money they make. 60% of China's 1 billion netizens, or more than 600 million

daily active users, were active on Douyin in the first quarter of 2021, according to publicly available data. The quantity of admirers and clicks is determined by the video's quality. The blogger makes a significant amount of money when they have a large following. Douyin has embraced a new e-commerce model called sales income, which is also the company's most crucial marketing strategy. Like Taobao and JD.com, merchants offer their goods directly on Douyin. Officially, Douyin endorses this marketing strategy. Opening a shop has extremely few requirements. To build a store and start selling goods, users simply need to upload ten videos. By using big data, Douyin is able to completely comprehend the wants of various users and will thus target people with needs with product videos. This approach works really well for selling products. Many APPs use live streaming and fan gifts as part of their business plans. like Bilibili, Kuaishou, etc. According to this model, the anchor broadcasts live on the platform and is paid based on the number of viewers in the live broadcast room as well as presents sent by fans [4].

1.4 Foreign Application Scenarios

Twitch is one of the international live broadcasting networks. The initial goal of Twitch was to establish a platform for e-sports videos that were only about games. Since Twitch lets users watch other players' games in real time, it has grown to be one of the most well-liked locations for gamers to congregate. In addition to watching gaming tournaments, Twitch viewers may pick up tips from other gamers on how to play games. Twitch also provides discussion talks, radio shows, and other content centred around games. The goal of the site has been to become the "ESPN of the game industry" [5].

Paid membership and post-bar advertising have long been the cornerstones of Twitch's business strategy. The stickiness of anchors to the platform has risen as a result of the incentive system's threshold being decreased recently. A positive ecological cycle has been triggered by the talent barrier created by the business model and the e-commerce gene that Amazon introduced [5].

1.5 Advantages and Disadvantages of Live Streaming

The booming live broadcast and short video industries are actually a double-edged sword.

People may now utilise live broadcasting on e-commerce sites as a significant tool. In addition to increasing customer involvement, this boosts the brand's social media visibility and eventually affects consumers' purchase decisions. Live streaming enables retailers to build genuine and direct connections and conversations with viewers, fostering loyalty and trust by offering real-time engagement. Through this interactive experience, businesses can highlight the benefits and specifics of their products, quickly respond to consumer questions, and get fast feedback—all of which assist customers in making informed decisions about what to buy [6].

Additionally, e-commerce live streaming improves the traffic experience for customers, which raises their psychological investment and sense of involvement. In-

creased client satisfaction and favourable purchase decisions might result from this immersive experience. Additionally, it contributes to the development of consumer confidence in online buying by giving customers access to real-time information, direct connection with merchants, and the chance to observe product reviews and demos. People may build a more appealing and reliable buying environment by fostering a feeling of legitimacy and dependability via this openness and interaction [6].

Although live streaming has opened up new markets for a number of sectors, it will also have unfavourable effects like societal unrest because the industry is still in its infancy and safety and standardisation might yet be improved [7].

1.5.1. Information Asymmetry and False Propaganda.

Products may be introduced and marketed to thousands of viewers simultaneously through live streaming, which can result in a high volume of sales and significant revenues for anchors and sellers. Some anchors may misrepresent the benefits and features of the product or hide unfavourable facts from viewers in order to increase their revenue. Simba's crew, for instance, marketed quick bird's nests in the live broadcast studio in 2020. According to their advertising, this quick bird's nest is an effective product with a suitable amount of bird's nest material. But according to reliable tests conducted by reputable organisations, the primary ingredient in this quick bird's nest that was roasted over an open flame was sugar water, with less than 2% of the product really being roasted. The quality and efficacy were quite subpar, and the actual cost was extremely inexpensive. Simba's team ultimately acknowledged their error in inflating the publicity and took responsibility for paying the damages. These circumstances arise mostly because the host's introduction serves as the primary source of product information for viewers throughout the live show. The host's improper publicity will seriously mislead customers and violate their rights and interests [8].

1.5.2. Counterfeiting and Shoddy Phenomena Are Common and Supervision is Insufficient.

Commodities that are hard for customers to view in regular marketplaces might be promoted using live broadcasting. It significantly expands the variety of commodities traded by utilising internet platforms and sales. However, the quality of anchors and sellers varies because to inadequate oversight, which leads to the entry of subpar and counterfeit goods into the market—a situation that is not encouraging. For instance, in 2020, a live streamer by the name of Liao sold products with exclusive luxury design patterns in his live-streaming room. Instead of clearly identifying the brand, he used a highly suggestive and directional expression technique, blurring the trademark of the products as he displayed them.

Relevant departments determined that the high-end items offered in the live streaming area were fake and subpar. The issue brought on by inadequate monitoring would significantly diminish the shopping experience of customers and maybe ruin the market for live streaming and the retail setting [8].

2 Case Study – Hong Xing Erke

2.1 Introduction to Hong Xing Erke

When Erke was first established in 2000, it depended on OEM and OEM. Erke became the first Chinese footwear company to be listed abroad when it went public in Singapore in November 2005. Following listing, sales income surpassed 1.4 billion yuan and reached 2 billion yuan in 2007 with the help of capital. However, Hongxing Erke's market share was temporarily reduced due to the emergence of regional brands including Anta, Li Ning, 361°, and Xtep. In 2010, Hongxing Erke started to deteriorate due to its own operational issues, and the brand's market share steadily decreased. Hongxing Erke later became aware of this and started to focus on its own level of corporate social responsibility. After contributing 50 million yuan worth of goods to the Henan flood, it didn't come back into the spotlight until July 2021. After that, a lot of people came to the live broadcast room to purchase the company's goods, and in only one week, Hongxing Erke's Douyin live broadcast room sold 77 million yuan [9].

2.2 The Turning Point of the Company

Before to the incident, Hongxing Erke was a little-known domestic sports brand that was in fierce competition with both local sports brands like Li Ning, Anta, Xtep, and others, as well as international brands like Nike, Adidas, Lululemon, and others that were entering China. As a result, Hongxing Erke found it difficult to even survive. Hongxing Erke was on the edge of bankruptcy, had a negative net profit, and had a market value of only \$300 million in 2020. The chairman of Hongxing Erke, Wu Rongzhao, who was in a severe financial problem, contributed 50 million yuan in disaster relief contributions during the Henan tragedy. Overnight, this seemingly irrational behaviour propelled Hongxing Erke, which was challenging to run, back into the spotlight and to the top of the popular search list. Hongxing Erke's yearly sales in 2020 barely topped 2 billion, and the company made a loss of 220 million. There were just 60 million on the books before to Wu Rongzhao's outrageous gift. His first plan was to pay the supplier, donate \$50 million, leave \$10 million in salaries, and then declare bankruptcy. One may argue that prior to his donation, the firm was in danger of going bankrupt. But Wu Rongzhao's contribution made things better for him, and the majority of internet users were prepared to reimburse him for his generosity. A carnival of 'crazy consuming' resulted from customers placing orders 'crazily' in the Red Star Erke live broadcast room. In addition to providing the disaster region with resources valued at millions of yuan, Hongxing Erke also used the live broadcast room to depict the actual state of affairs in the area. Furthermore, Hongxing Erke assisted the people of Henan in resolving their problems by using its goods in the live broadcast room. With the use of this live broadcast, Hongxing Erke was able to increase brand awareness, acknowledge the audience's CSR following successful marketing, and use live broadcasting to market its products more widely and reach a wider audience [10].

2.3 Impact of the Live-streaming

Despite having gained significant public support during this catastrophe, Hongxing Erke's "patriotic personality" is too well-known, as seen by the later construction of his live broadcast room. It will eventually become a barrier, even if it can be put up with in the near term. The brand's destiny is determined by the excessive level of public attention to Hongxing Erke, and every action is also monitored and scrutinised by the public. The sportswear industry is nearly saturated, as everyone is aware, and Hongxing Erke's well-publicized actions have also unintentionally hurt its competitors' interests. To advocate for Hongxing Erke, netizens have flocked to their peers' live broadcast rooms, and disparaging their peers has turned into a "war" tactic. Peer competitiveness has turned "personality" into a liability [10].

The rise of Hongxing Erke's live broadcast room activities has therefore become a microcosm of the contemporary live broadcast culture, and traffic has thus become a double-edged sword for the venue. Hongxing Erke has developed a following of devoted customers by consistently enhancing its social responsibility. Through contributions, it has also increased brand loyalty and instilled the phrase "the light of domestic products" in the minds of its consumers. Businesses may establish a strong line of connection with customers by carrying out their social obligations. This is a need for businesses in their development process as well as a unilateral demand from customers. With the growth of new media and the speed at which information is shared, people can now quickly comprehend how businesses behave. We should do a thorough investigation into how businesses may assume social responsibility, build positive relationships with customers, and enhance brand loyalty in light of the present social situation [9].

3 Answer the Question of this Article: Did Live Streaming Save the Troubled Company?

Here is the data before the live broadcast of Hongxing Erke.

Based on statistics from Euromonitor, Hongxing Erke's market share decreased from 2.9% to 1% over a ten-year period from 2010 to 2019. Based on a study of Hongxing Erke's 2020 sales, the company's market share is still just about 1%. The domestic top brand Anta came in third place with a market share of 15.4% on the 2020 sports brand market share list, which excluded the two global leaders, Nike and Adidas. Li Ning came in second place among local brands with a market share of 6.7%, while Xtep and 361 Degrees came in fourth and second, respectively. The revenues of Anta, Li Ning, Xtep International, and 361° were 35.51 billion, 14.457 billion, 8.172 billion, and 5.127 billion yuan, respectively, in 2020. With only 2.843 billion yuan in income, Hongxing Erke only made 8% of Anta's and 20% of Li Ning's. In 2020, Anta Sports made 5.162 billion yuan in net profit, Li Ning made 1.7 billion yuan, and Xtep made 513 million yuan, according to their annual report. However, with a 2020 net profit of -220 million, Hongxing Erke was in fact in a loss position [11].

Hongxing Erke made many additional donations later, although the first response was less significant. Hongxing Erke's data is not as good as it was in prior years by 2022.

Hongxing Erke's turnover increased dramatically as a result of this contribution, but it stopped there. Particularly during a period of "popularity" in 2021, Hongxing Erke lost 430,000 admirers in less than 30 days—nearly 10,000 fans per day—which led to contentious debates among online users. The question of whether Hongxing Erke's sales boom can continue is also raised by this [12].

Converting company orders is marketing's ultimate goal. During the era when Hongxing Erke gained popularity on the Internet, the official Douyin live broadcast room had 14.55 million fans, whereas the Li Ning Sports official Douyin live broadcast room had just 4.15 million admirers. In contrast, Hongxing Erke's average contribution to the average single live broadcast sales was just 0.88 yuan per person, whereas Li Ning's average contribution was 19.6 yuan, citing third-party statistics. It is clear how the two vary from one another [13].

From the data analysis, although live streaming helped Hongxing Erke survive the crisis, it did not completely save the entire company, and its revenue continued to decline.

This has a lot to do with Hongxing Erke's goods' long-standing policy of modest earnings but rapid turnover. With little profit margin, the majority of its clothes and footwear items cost between 100 and 300 yuan each. Industry sources have indicated that Hongxing Erke's yearly revenue in recent years has been between 3 billion and 4 billion, which is around one-sixth of Anta's primary brand and one-third of Xtep. However, the company has not released pertinent financial data since it was delisted [13].

4 Suggestion

4.1 Using the New Model to Achieve the Goal

By boosting its visibility across a range of channels, Hongxing Erke can compensate for its public relations deficiencies. The majority of customers will trade on electronic platforms like Taobao and Douyin in the modern day, where information moves swiftly. Therefore, Hongxing Erke's ability to effectively employ new media to accomplish internet marketing and PR is crucial. For instance, Kweichow Moutai skilfully integrated the national strategy and leveraged the new media period and national brands to create a major positive impact, rather than adhering to the marketing of the brand itself. More customers are now able to comprehend Kweichow Moutai and have a more thorough and in-depth comprehension of this product thanks to the promotion of new media. Consequently, it makes brand businesses more competitive in the market [14].

4.2 Speed up the Producing

Given the increasing daily demand for brand items from customers and the increased pressure on brands to update their products on time, Hongxing Erke ought to improve

its product updates to a higher degree. For instance, several well-known corporations have modernised their product lines in the age of new media, putting a lot of effort into making items that people like, producing more stunning imagery, and deepening the connection between traditional culture and brand aspects. Furthermore, the goal of product upgrades is to set new objectives. In order to acquire additional brand resources to master, the market now pays attention to new consumer markets and adopts a longer-term view rather than sticking to the original market [14].

4.3 Deepen the Product Concept

The brand concept for Hongxing Erke has to be expanded. The secret to brand success is in the extensive collection of brand concepts. The development of brand concepts will create a powerful brand atmosphere, which will make customers feel very loyal to the company and encourage others to buy from them. In order to strengthen consumers' perceptions of the brand and solidify its image and idea, Japan's Uji tea, which is known for its "quality-oriented" tea-making philosophy, combines the tea-making methods of different brands and consistently introduces collaborative products [14].

5 Limitation

The example of Hongxing Erke selected in this paper does not represent the status quo of the sports market and live streaming technology in China. It is only aimed at Hongxing Erke to prove that live streaming technology research can improve the status quo but cannot completely save a company. The most important thing is the company's own efforts and changes. At the same time, there are not many literatures selected in this paper, and the investigation is not rigorous.

6 Conclusion

This article uses Hongxing Erke as a case study to analyze whether e-commerce live streaming can help struggling companies revive. The results show that while live streaming can bring a short-term surge in revenue and increase brand awareness, its long-term effects depend on factors such as product quality, supply chain stability, and sustainable marketing strategies. Hongxing Erke's recovery highlights the potential of live streaming as a crisis response tool that can leverage consumer sentiment and social media engagement. However, companies cannot rely solely on live streaming, but must combine it with a broader business strategy to ensure sustained growth. Ultimately, while live streaming can provide temporary relief, true business recovery requires structural improvements and continued brand value reinforcement.

At the same time, the rise of "live streaming +" has, from a technological standpoint, transformed conventional forms of information expression like text, audio, and video and introduced new interactive online communication techniques. At the content level, live streamers will have more options to engage and communicate with viewers in the

future due to the advancement of mobile Internet technologies and ongoing network infrastructure improvements [10].

In actuality, domestic brands nowadays have advanced significantly outside. Despite their production and supply chain advantages, Chinese businesses continue to lack global cultural awareness and brand trust. Chinese brands need to create their own "cost-effective" label to enhance.

References

1. Cheng, Y. (2023). Domestic brands need to pay more attention to brand image and cultural inheritance - Xinhuanet. News
2. Fu, L., Wu, L., & Yang, L. (2022). Challenges faced by Chinese Brands in Internationalisation -Taking "Anta" as an Example. THESIS WITHIN: Business Administration Programme of Study: International Management. <https://www.diva-portal.org/smash/get/diva2:1687433/FULLTEXT01.pdf>
3. Cheng, Z. (2024). The Influence of Interactivity in E-commerce Live Streaming on Consumers' Online Purchase Intention. Taishan High School of Shandong Province, Taian, China; *Frontiers in Business, Economics and Management*. <https://drpress.org/ojs/index.php/fbem/article/download/25222/24677/34110>
4. Bai, S., Shen, Z., & Wang, Z. (2022). Research on the Brand Promotion Strategy Based on Douyin's Business Model in the Post-pandemic Era-- From the Perspective of Consumers. *BCP Business & Management*, 24, 481–488.
5. Wang, T., Chen, T.-Y., Ye, Z., Lu, Y., & Yu, H. (2022). The Comprehensive Comparison of Huya Live and Twitch. *Advances in Economics, Business and Management Research*, Volume 219.
6. Rintis Eko Widodo, & Togar Alam Napitupulu. (2023). Exploring The Impact Of Live Streaming For Ecommerce Business A Systematic Literature Review. *Journal of Theoretical and Applied Information Technology*, 101(16), 50787–50797.
7. Xinbei, P., & Qianru, X. (2021). Analysis of the Impact of Live Streaming and Short Video Industry in China. <https://www.atlantis-press.com/article/125955203.pdf>
8. Xiao, S. (2024). The Impact of Live-Streamed Selling on Consumer Purchasing Behavior. *Advances in Economics Management and Political Sciences*, 114(1), 40–44.
9. Huang, Z., Tatchapong Sattabut, & Nusanee Meekaewkunchornb. (2024). The Impact of Corporate Social Responsibility and Brand Loyalty on Hongxing Erke Sporting Goods Company. *International Conference on Management, Innovation, Economics and Social Sciences*, 1(1), 1374–1380.
10. Shi, R. (2023). From TikTok Hongxing Erke Live Marketing to See How Live Culture Shaped Consumer Groups. *Advances in Economics, Management and Political Sciences*, 62(1), 242–247.
11. Forward-looking Economist. (2021). This article takes you to understand the current status of Hongxing Erke's market development. Net profit is negative, and the market share is only 1%. [Baidu.com.https://baijiahao.baidu.com/s?id=1709229956753655273&wfr=spider&for=c](https://baijiahao.baidu.com/s?id=1709229956753655273&wfr=spider&for=c)
12. Lianchuang Internet -<http://www.lc787.com>. (2024). Hongxing Erke, is being forgotten? - TopMarketing|TopMarketingOfficial Website. [Itopmarketing.com. https://www.itopmarketing.com/info17230](https://www.itopmarketing.com/info17230)
13. New entropy. (2021). Hongxing Erke: The low price behind the heat | interface news · JMEDIA. [JMedia. Jiemian.com. https://www.jiemian.com/article/11770206.html?utm_source=.com](https://www.jiemian.com/article/11770206.html?utm_source=.com)

14. Li, C. (2023). Analyzing the Strategy for Maintaining Sales Popularity of Hongxing Erke. *Advances in Economics Management and Political Sciences*, 33(1), 200–205.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

