

How the Advent of Live Streaming is Affecting Businesses' Commitment to Marketing

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Abstract: In 2019, the global pandemic of the new coronavirus is driving more and more companies to digitize their marketing strategies to mitigate the negative impact of the outbreak on their day-to-day business. As a result, live marketing is becoming one of the hottest marketing methods, a particularly evident phenomenon in China. However, how companies of different sizes apply live marketing has yet to be explored. This study focuses on the emergence of live streaming on firms' marketing investments and assesses how these impacts differ for firms of different sizes. The conclusions drawn from this work are that the epidemic is driving companies to invest more and more in live streaming and that smaller companies are more likely to benefit from this marketing tool than larger ones. This paper uses a case study method to analyze the development of live streaming and its impact on changes in sales and marketing investment by firms of different sizes and to point out its contribution to driving economic development in firms, laying the groundwork for further research into ways of promoting economic development in the digital sphere.

Keywords: Live Stream Marketing, Marketing Inputs, Epidemic, Business Development.

1. Introduction

Live streaming has recently become an increasingly popular direct marketing channel. The live broadcast is a real-time online video broadcast, the sales staff through the live online display of products; compared to the previous simple graphic, publicity is more vivid, coupled with the sales staff's colorful product description and at any time through the pop-up screen to answer the audience's questions about the product. Meanwhile, some businesses offer discounts to consumers who watch the live stream in real-time. Research has shown that the pleasure derived from such bargains is one of the reasons why people shop online [1]. The fun and interactive nature of this sales model allows consumers to enjoy offline shopping while sitting at home and also will enable brands to increase significantly their visibility.

In today's live streaming business, there are two typical business models: streaming company, brand-oriented, and anchor-oriented [2]. Meanwhile, companies with traditional sales models have been hit by the spread of the epidemic and have suffered dismal sales. Consumers tend to cut back on spending due to new crown outbreaks. Companies were forced to seek new growth opportunities. During the New Crown epidemic, many people forced to stay isolated were exposed to live streaming. According to the data, the number of users watching live streaming in China reached 617 million by the end of 2020, accounting for 62.4 per cent of all Internet users [3]. Many companies developing in

China realized the business opportunities presented by live streaming and began to consciously promote the establishment and development of live streaming as a business model. The number of live-streaming e-commerce consumers in China climbed to 388 million in December 2020, a year after the start of the New Crown epidemic [4]. This paper reviews the background of live streaming marketing, explains the development of live streaming, shares several significant forms of marketing using live streaming, investigates how different-sized companies apply live streaming, and assesses the impact of this new type of marketing.

2. Live streaming marketing

2.1. The emergence of live-streaming marketing

With the development of the times, "live broadcast" has become a hot word to promote the economic development of today's society. In the past, traditional live broadcasting was only related to the gaming industry and program broadcasting. Still, nowadays, with the development of e-commerce platforms and the popularity of short videos, live broadcasting is no longer just a tool for pastime but has transformed into a medium with commercial value. As early as 2016, many shopping platforms, such as Mushroom Street, opened a live broadcast channel to broaden customer flow. In the same year, the statistics of "China Live Streaming Industry Business Model Innovation and Investment Opportunity In-depth Research Report" released by Prospect Industry Research Institute showed that the number of Chinese live-streaming users exceeded 300 million [5]. The solid population base has laid a good foundation for developing live-streaming marketing. Then, with the rapid development and application of mobile payment and network technology, China's live-streaming bandwagon industry showed an excellent prospect for growth. Affected by the global pandemic of Wuhan's new coronary pneumonia, people who can't leave their homes as conveniently as they used to are starting to watch short video apps for extended periods and making online purchases more frequently. This phenomenon has led to new marketing ideas and ways of selling goods seen by businesses that have accumulated goods that cannot be sold due to the epidemic. The raging epidemic has attracted substantial attention for live-streaming, which has created a positive environment for the rapid development of live-streaming marketing. Live broadcasting this low threshold, low cost, high traffic, and increased profitability of the new marketing model so that the platform, merchants, and consumers can profit together to stand out from the many marketing means during the epidemic.

2.2. Forms of live streaming marketing

With the continuous development of live broadcasting, the marketing methods of live broadcasting have become more diverse. The two most important ways are the cooperation between enterprises and e-commerce and the collaboration with online celebrities. With advances in streaming technology, companies can use the channels provided by e-commerce platforms to launch live streaming, creating an immersive shopping experience for consumers by showcasing products, live models trying them on, pop-up interactions, and real-time Q&A. The social and sharing nature of e-commerce allows live-streaming marketing to provide social or symbolic value to customers [6]. Consumers can see what other shoppers on the platform are saying about the product while evaluating the live-streamed item themselves, which gives the consumer more references when making a decision. In conclusion, this sales model dramatically alleviates consumer concerns about product quality and creates a good shopping experience. According to Alibaba's annual report for 2023[7], Taobao, its large e-commerce platform, helps platform merchants attract more than 124 million active consumers through live streaming and spends more than \$1,250 per consumer. Compared with simple graphic publicity in the past, consumers favor this kind of enterprise and e-commerce cooperation live marketing mode, and the profit amount is also more considerable. Another model of live

marketing is the cooperation between enterprises and Netroots to sell goods, which Liming calls the Netroots economy [8], a series of economic effects that influence the preferences and purchasing behaviors of Netroots' followers through their various marketing activities on social media platforms. Through qualitative and quantitative research, Meng et al. noted that products promoted through Netroots are more appealing to consumers and thus increase their willingness to buy [9]. Therefore, more enterprises cooperate with netizens to attract loyal customers and realize traffic cash.

2.3. The significance of live streaming marketing

From the perspective of enterprises, the robust interactivity and low cost of live broadcasts make it a potentially highly profitable marketing medium. Compared with traditional marketing, the live broadcast platform with a particular scale of users can help enterprise marketing break through the limitations of space and time so that enterprises can capture the audience's intention on time the first time to disseminate the information to the consumer, thus realizing the cost of less to get more exposure of the product. In addition, based on the social exchange theory of the American sociologist Homans, the sales staff of the enterprise in the live chat, display, and other interactive ways to establish an exchange relationship with the customer, which is conducive to guiding the customer in the principle of reciprocity to produce a sense of pleasure to buy and recommend. As You and Joshi said, through UGC (user-generated content), consumers are immersed in live broadcasts to achieve spontaneous interactions to increase engagement, which can ultimately increase brand sales [10]. And live streaming marketing is one of the best ways to help companies achieve this goal.

For consumers, the live marketing approach caters to their laziness. It reduces the time it takes them to choose a product, in addition to helping them visualize the goods more intuitively. The traditional marketing model is goods-centered and requires people to consume at different venues. On the other hand, live-streaming marketing breaks this situation by being people-centered, focusing on salespeople's ability and attraction to customers, and breaking down venue constraints. With the increasingly mature logistics chain, online live streaming can enhance consumers' shopping experience more than offline, thus achieving a mutually beneficial state with merchants. Figure 1 shows that the total value of goods in China's live-streaming market has shown a significant upward trend and growth rate of up to 280% from 2017 to 2020.

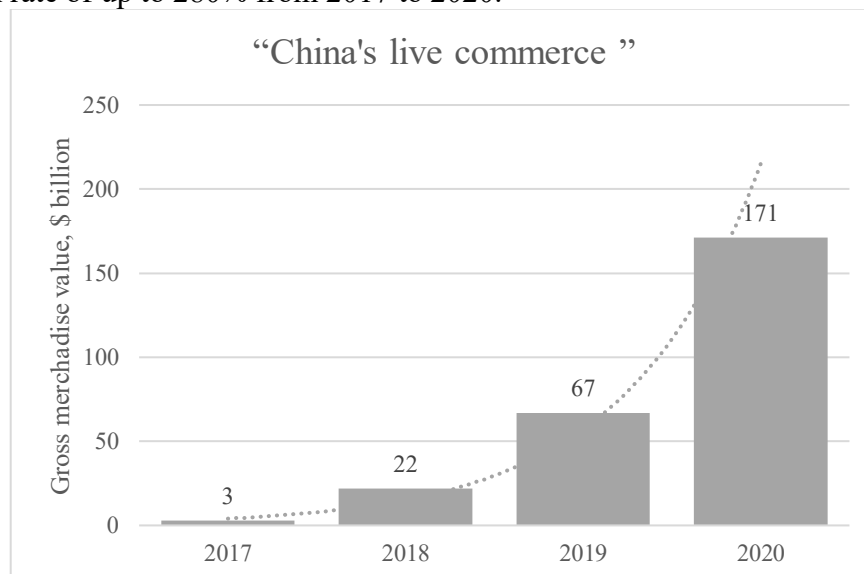


Figure 1: Value Trends in China's Live Streaming E-Commerce Market [11].

This study will be conducted using a comparative case analysis method. With the development of digital technology, this paper will select two representative large and small businesses to be analyzed comparatively to summarise the impact of live marketing on businesses of different sizes in the Internet age.

3. Case study

3.1. The use of live marketing for businesses of different sizes

This study will be conducted to compare businesses in clothing and fashion products. According to Lau and Ka Kei, the current live-streaming trend shows that live-stream viewers purchase apparel and fashion products [12]. The apparel and fashion industry has experienced a shift due to the epidemic. Offline, the number of shoppers in physical shops is thinning, and more and more companies are turning to online for marketing their products.

As a well-known brand of LVMH, Louis Vuitton has opened 37 boutiques in 29 cities in China, and its unique design for all levels of consumers and never-discounted price strategy has given it a particular scale of loyal customers, so it can be said that China occupies an essential position in its consumer market. In the past, Louis Vuitton's marketing in China has been based on traditional promotional campaigns in newspapers, fashion shows, and celebrity collaborations.

In August 2017, Louis Vuitton opened an online flagship shop in China, which supports online payment, to expand rapidly in the Chinese market. With the epidemic's impact on offline shop sales and the continued development of live marketing, Louis Vuitton has expanded the reach of its online shop and further designed a WeChat app to enhance online shopping services for customers and boost online sales. In March 2020, Louis Vuitton made a public broadcast. The brand influence and appeal that large corporations have built up in the past can quickly attract a massive audience when novel marketing techniques such as live streaming are used. Still, its subsequent impact on the brand image remains to be seen; after all, in the past, the public accepted its conventional marketing tactics and luxury brand positioning.

Peacebird is a small Chinese apparel business with a diverse range of garments covering men's, women's, and children's apparel and a design style that favors everyday casual. As early as 2017, Peacebird partnered with a Chinese online shopping platform to start online marketing. However, due to the diverse and complicated clothing brands in the market, the brand effect of Peacebird has gradually weakened; in addition, the epidemic has made the sales volume of offline shops plummet, and how to maintain profits has become a tricky problem for the company.

Peacebird decisively moved its focus to live-streaming marketing during the epidemic to bring the brand back into the public eye. During the pandemic, its live-streaming bandwagon, led by the Jitterbug channel, got new opportunities for the brand. The enterprise chose the form of a marathon live broadcast from 7 a.m. to 12 p.m.; this only staff rotation throughout the whole without rest increased its live exposure and browsing volume, significantly increasing its sales. According to the company's official financial report, Peacebird's online sales revenue in the first three quarters of 2020 was 1.668 billion yuan, a year-on-year increase of nearly 30 percent, while offline sales revenue was 3.68 billion yuan, a year-on-year increase of only 0.81 percent. The effectiveness of live marketing has allowed PIL to continue to focus on using a new media marketing strategy. It closed 236 offline shops in 2020, according to Peacebird's official data, suggesting that Peacebird's offline operations are being scaled down to spend more money on developing live marketing and operating online shops. But as the epidemic's impact on people's lives diminishes, how to maintain the live-streaming buzz is something Peacebird should also consider. Relative to large enterprises, live marketing is more conducive to the development of small businesses; its low threshold and high profitability characteristics help small businesses in the Internet era to get higher exposure and better brand

development.

3.2. The Impact of Live Marketing on Business Profits

Direct marketing can attract the same number of customers at a lower price than traditional marketing. An advert in a magazine costs between \$500 and \$20,000, depending on the size and the type of publication, while a 30-second TV advert on a small TV station costs around \$1,500. However, the pitfalls are clear: this method of communication does not allow for precise targeting of numbers and customer segments. Instead, it may cost a brand as little as \$100 to push a live video to a potential customer base. This feature makes live marketing more suitable for smaller businesses with less capital, but it needs to increase.

The financial report shows that since Peacebird is in TikTok for live marketing, the average monthly GMV growth rate of the brand's self-broadcasting has reached 78%, and omnichannel retail sales of 11.337 billion yuan were achieved in 2019. Revenue in the first three quarters of Peacebird 2020 reached 5.521 billion yuan, up 10.35% year-on-year; net profit attributable to shareholders of listed companies broke 310 million yuan, an increase of 50.04% year-on-year. Following the second quarter's growth, Peacebird's third quarter achieved a net profit of \$158 million non-deductible, a rise of 161% year-on-year. Compared with the same type of business, Peacebird's sales volume and profit growth are among the best in China's apparel industry. From the analysis of the above data, it can be concluded that the wisdom of Peace Bird's courage to try new things and the reasonable and flexible use of live broadcasting as a low-cost, low-threshold marketing method so that the brand in the economic downturn during the epidemic did not retreat, but rather to gain very substantial profits. According to annual report by Peacebird, in the first half of 2022, Peacebird's sales expenses were 30 times higher than its R&D expenses during the same period, while in FY2021, this ratio was 26 times higher [13]. This may indicate that the company has focused more on sales activities and relatively less on R&D during this period. It can be assessed that Peace Bird has spent more money on live streaming in response to the change in focus of the promotional methods to attract more consumers and thus increase the live streaming popularity to gain more profit.

4. Conclusion

This paper begins by describing the evolution of live-streaming marketing and the attitudes of buyers and consumers towards it. Consumers tend to reduce some of their expenses after the explosion of the new crown, so exploring new marketing methods like live streaming is significant for companies to develop their brands. Secondly, this paper compares the cases of different-sized companies applying live-streaming marketing to evaluate its effectiveness. Analyzing the characteristics of live broadcasting and investigating some cases of enterprises using live broadcasting marketing puts forward marketing methods for enterprises of different sizes to learn from and the problems to be considered in using live broadcasting marketing, enriching the relevant marketing cases. Finally, this paper analyses the changes in enterprises' investment in marketing after using live broadcast marketing, thus concluding that enterprises are increasingly aware of the reasonable use of live broadcast marketing to develop their brands in the post-epidemic Internet era. With the economy's recovery and the market's development, how to do more good than harm in live marketing and stand out from the many businesses still needs to be constantly explored and researched by the enterprises.

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