

# *The Negative Impact of Live Streaming Commerce on Consumer Decision Making*

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**Abstract:** With the development of the Internet, online shopping has become a part of people's daily lives, and new marketing strategies appear. This paper first analyzes the current mainstream online marketing strategies, namely short video, pictures-and-words, and live streaming. Then, this paper focuses on the factors affecting consumer decision-making, typically in live streaming marketing. Further, the paper discusses the negative impacts of live streaming on consumers, such as inducing consumption and concealing important information about the goods, which lead to impulsive spending. One of the main concerns is the current marketing tactics in live streaming which negatively affect the health of the youth, especially the sales related to games during live streaming with a gambling nature. The negative impacts are resulted from the failure of platforms in regulating the content of live streaming, as well as a lack of comprehensive cyber laws. It is recommended that platforms should strengthen the regulation of live streaming, increase the protection of teenagers and improve the quality of live streamers.

**Keywords:** live streaming, teenagers, gambling nature.

## 1. Introduction

With the development of network technology and social media, more and more new things come out. The Internet economy gradually develops and grows. Many models of using the Internet to make money and start a business have been developed. There are three main ways to sell goods on the Internet, namely short videos, pictures-and-words, and live streaming [1-3]. The model of live streaming is the most profitable at the moment, with the most people engaged in it. Live streamer originated from Taobao (an online shopping platform in China), where shops on the platform can open a live room to introduce and sell the goods. Through years of updates, there is nearly no barrier for any individual to enter the live streaming industry to make money.

The top live streamers in live commerce sell a variety of products through the creation of a persona to obtain a fan base, and then they keep selecting a series of goods that their fans may be interested in and receive a commission or part of the profits from the products sold. Currently, the mainstream way of live streaming is still fan-based, using the fans' trust in the influencer to sell goods. However, there are also live-streamers with a zero-fan-base who can sell goods today.

On the Internet, consumers are affected by a variety of external stimuli and triggers during consumption decision-making [4]. For example, such factors could be price, effectiveness, sales strategy, celebrity endorsements, branding effects, and others [5]. There are numerous strategies to

get consumers to purchase products. The gradual younger users of the Internet have resulted in more teenagers becoming potential customers, and many marketing strategies targeting teenagers have emerged [6]. Teenagers usually do not yet have the ability to earn their own money or engage in rational thinking; thus, they are more likely to experience impulse consumption and are unable to identify false propaganda.

This paper analyzes the three main marketing strategies currently used on social media platforms, provides an in-depth analysis of live streaming marketing with gambling nature, and discusses its negative impact on teenagers. This paper suggests that government agencies should strengthen online regulation of social media. Platforms need to regulate and manage the impact of live streaming, enhance the behavioral awareness of live streamers, and strengthen media literacy education.

## **2. Marketing Online**

### **2.1. Short Video Marketing**

This paper discusses the strengths, weaknesses, opportunities and threats (SWOT) of short video marketing strategy online. There are mainly four strengths of using short video marketing. First, social media have high user mobility and stickiness. The short video platforms have a large user base, which can attract a large number of users, and users are loyal, providing a rich potential customer base for e-commerce. Second, short video contains rich and diverse content. The short video platforms have a wide variety of content, including news and information, leisure and entertainment, beauty shopping, etc., which provides a wide range of choices for consumers with different needs. Third, this marketing strategy has low costs and wide coverage. Comparing with traditional marketing methods, short videos with goods have lower marketing costs, wider coverage, and can be accurately delivered to the target group [7]. Fourth, short video marketing strategy has strong interactivity. The short video platforms' features, such as pop-up comments, can enhance consumers' sense of participation and interactivity, which helps to enhance purchase decisions [7].

In terms of weaknesses, there are two significant issues with short video marketing strategies. First, homogenization of content is common in short video platforms. Despite the rich content of short video platforms, there is a problem of homogenization of content, which can affect the user's viewing experience and deliverability [8]. Second, the algorithm recommendation mechanisms of the short video platforms may lead to information cocoons. This may cause users to see only the content that matches their interests, thus limiting the scope of marketing communication [8].

The opportunities in short video marketing strategies mainly include three aspects. First, with the development of mobile Internet and 5G technology, the dissemination efficiency and user experience of short video banding will be further improved. Second, the implementation of a rural revitalization strategy can promote rural economic development through the sale of special agricultural products and other means [9]. Third, the COVID-19 epidemic has accelerated the development of live e-commerce, providing new development opportunities for short video banding.

Regarding the use of short video marketing strategies, there are currently two serious threats. First, the short video market competition is intense. With more and more individuals entering the short video delivery industry, the market is increasingly competitive, and it needs to innovate continuously to remain competitive. Second, some may have negative social effects, such as misleading consumers and spreading false information, which pose a threat to the healthy development of the short video industry [8].

### **2.2. Pictures-and-Words Marketing**

Pictures-and-words marketing is an e-commerce model that promotes and sells products by combining images and text. In the current e-commerce environment, based on the low barrier and

high operability of pictures-and-words production, it is highly favored by influencers. Pictures-and-words marketing has become an emerging marketing strategy. The advantages of pictures-and-words marketing are the high efficiency of product display, short production cycle, relatively low cost, and strong content control.

This section takes TikTok in China as an example for analysis. TikTok has been actively supporting pictures-and-words marketing since 2021. TikTok invested hundreds of millions of advertisements and online views to support pictures-and-words marketing, attracting more creators to participate in pictures-and-words marketing. At the same time, TikTok's e-commerce is fully open to pictures-and-words marketing this year through commission-free, cashback, and other preferential policies to protect the enthusiasm of the pictures-and-words marketing creations of people. This shows TikTok's attention to the e-commerce field and its recognition of the potential of pictures-and-words marketing. Product images, descriptions, and participant reputations are critical in influencing consumers' purchasing decisions. These images not only help consumers understand the product but also provide sellers with an edge in a competitive marketplace.

With an average of 1 in 10 entries on TikTok in 2023 being in the form of pictures-and-words, this strategy has become the marketing priority for a great number of influencers and brands and is still in a growing trend by 2024. Compared with short video, a relatively low-cost, shorter production cycle of pictures-and-words marketing has become an important form of content for self-operation of brands, which can effectively help brands realize cost reduction and efficiency.

### 2.3. Live Streaming Marketing

A SWOT analysis is conducted for live streaming marketing strategies in this section. There are several strengths of live streaming. First, live streaming has strong interactivity. Live streaming offers consumers first-hand information about products, improving their shopping experience. Second, it provides a strong sense of reality, reducing blindness to shopping details. By streaming with a real-time screen presentation of goods, consumers can intuitively understand the style, color, texture, and other details of the goods. Third, live streaming always has a price advantage. It can often lead to lower purchase prices through supplier cooperation and promotional activities. Fourth, relying on social media and e-commerce platforms, live streaming of goods has strong spreading power. Finally, the live streaming marketing strategy gives consumers a higher level of trust. Live streamers' popularity and fan base increase consumer trust in the shopping process, leading to an increased willingness to buy.

In terms of weaknesses, there are three significant issues with live streaming. First, the quality of products is always a problem in live streaming. Some unscrupulous merchants may use substandard products and false propaganda to the detriment of consumer interests. Second, the education attainment of the live streamers varies. Live with goods highly requires the live streamers' ability to explain the goods, but the overall quality of the live streamers is difficult to control. Some live streamers may mislead consumers into irrational consumption for the sake of profit [10]. Third, there is a lack of industry norms in the live streaming market, which has led to confusion in the market order [10].

The opportunities for live streaming mainly include three aspects. First, using social media platforms to promote goods can expand product exposure and increase sales. Second, live streaming has a cross-border e-commerce market. Live streaming can break geographical restrictions and help brands expand overseas markets. Third, live streaming can provide customized services and recommendations based on consumers' needs and feedback.

Finally, there are threats to using live streaming. First, with the increasingly fierce market competition in the live streaming industry, brands need to constantly innovate and optimize live content to attract and retain consumers. Second, live streaming with goods faces regulatory challenges,

such as product quality regulation and consumer rights protection, which need to be further strengthened. Third, consumer trust issues arise in live streaming. Consumer trust may be damaged due to some problems in live streaming with goods, such as false advertising and product quality issues [11].

### **3. Influences on Consumer Decisions in Live Streaming**

The personal charisma, professionalism, and popularity of the live streamer can significantly influence consumers' purchase intentions and enhance perceived value and trust. The quality and interactivity of live streaming, effective consumer incentives, and trust in influencers can significantly influence fans' purchase decisions. The authenticity and visibility of live streaming content can have an impact on consumers' emotions and trust, and consumers' pleasurable emotions and trust have a significant impact on impulsive buying behavior. The features of live streaming platforms and promotional strategies, such as discounts, brand influence and celebrity effect, also positively affect consumers' affective cognitive attitudes and trust attitudes. Consumers' own factors, such as their income level, consumer attitudes and viewing experience, also have an impact on their purchase decisions. However, there are still some negative impacts on consumer decisions in live streaming.

#### **3.1. Consumer Inducement in Live Streaming**

In addition to the factors mentioned above that influence consumer decision-making, there is also a lot of consumer inducement in the live streaming industry. Irregular tactics that exist in live streaming involve exaggerating the effects of goods, creating a sense of urgency through limited-time discounts and sales, hiding important information, using misleading language and emoticons, and displaying unrealistic user reviews and feedback. Live streamers may over-advertise the performance and effects of goods, leading consumers to misunderstand their actual use. They may also use vague language or emoticons to express the benefits of a product, which may differ significantly from actual performance. Additionally, they may display fictitious user reviews or positive comments, or create false positive feedback by hiring mercenaries, which can seriously affect consumers' purchasing decisions. These tactics can lead to consumers making purchase decisions without fully understanding the product's benefits, side effects, usage limitations, or maintenance requirements. These factors can lead consumers to impulsive consumption without careful consideration, which result in buying some low-quality goods or something people never need.

#### **3.2. Live Streaming with Gambling Nature**

Live streaming is an emerging e-business model, and there are many different ways of making sales. In any case, there are good and bad approaches. The following is one of the marketing techniques that negatively impact on consumers which currently exist in live streaming.

It has been found that there is a live-streaming model of a gambling nature leading to irrational consumer behavior, which not only violates the relevant provisions of the consumer protection law, but also contravenes commercial ethics and social responsibility. Such a strategy requires attention and measures to be taken to regulate it. For example, the merchants use card games to create the live streaming product that contains a specific gameplay that is gambling in nature. Blind box card games on the market usually contain cards of different levels and various characters. The higher the level of the card, the lower the probability of it appearing. For example, in a whole box there are hundreds of packs of cards, but only one pack might contain a card of the highest level.

The games in live streaming are usually a bet on the level of cards or the characters shown in this pack of cards once the pack is opened, with more cards being awarded if the player reveals a card at the specified level or the character specified in the game. This type of game is priced beyond the price

of the game itself, but it gives the customer an illusion that the customers always think they can reveal more cards which provide them a gain more than the price they pay.

For example, in the case of the My Little Pony blind box card game in live streaming, the price of a pack of cards is 10 yuan, and the price for a game might be set at 90 yuan for one pack of cards, which is surely beyond its original value. However, the rule in this game is that if a specified character is found in the pack, fifteen packs of cards will be added to the player. This rule gives the consumer a fluke. For the lucky ones, they may think that they get their money back and sixteen packs of cards for the price of nine. However, for those who could not unwrap the specified character, they get the equivalent of one pack for the price of nine. The probability of opening the specified character in a pack of cards is usually less than one-eighth. This game is a commodity that appears in live streaming with gambling in nature.

### 3.3. Negative Impact on Teenagers and Children

This paper takes the blind box card game as an example to illustrate the negative impact of live streaming marketing on the youth. On July 29th, 2024, China Central Television (CCTV) News released a report about teenagers and children indulging in the blind box card game. In the report, it was mentioned that children were spending money on card games in an almost frantic manner, and parents were even more frustrated by this. Children are addicted to cards, and the more they have, the crazier they get. According to the State Administration of Market Supervision and Administration's provisions of the "blind box business behavior norms guidelines," people who have not reached the age of eighteen are not allowed to buy such cards alone. The company that sold the blind box cards did not comply with the above regulations, and ninety percent of the main customers of these blind box card games in stores are children between the ages of seven and sixteen.

Now, these cards are being sold in the live room through the same gaming mechanism mentioned above, which has a gambling nature. There are many ways to play the blind box cards, but all of them involve the consumer purchasing a blind box card pack. A live streamer opens it on their behalf, and reveals the cards specified in the play to get more packs. The whole process is just a lottery-like tool. In a variety of ways to play under the auspices of the card live room, consumers in the demolition of cards and the stimulation of prize redemption continue to place an order to buy more card blind boxes. The more they play, the more addictive they are, and some players even buy boxes of them in the live room, and a box of the card game usually costs more than 5,000 yuan.

Social media platforms have many gambling-type games. Although these live rooms post that teenagers under the age of 18 are prohibited from purchasing the product, this constraint is ineffective. Throughout the live streaming process, the live streamer from the beginning to the end did not verify that the age of the consumer was above eighteen. In fact, through the comments of the live streaming, it can be identified that many customers are children. Businesses post such notice only to avoid risk. It does not mean they do not want to earn the money from teenagers and kids. There are still a lot of teenagers and kids in this kind of live streaming who spend parents' money.

These live-streaming marketing strategies targeting young people under the age of 18 can lead to the distortion of young people's values and morals. Subversion of youth consumption concepts, money worship in live streaming, bad words and behavior, pornographic violence, and aberrant aesthetic standards all have a negative impact on teenagers. There is an increase in financial burden, and live streaming may also play a misleading role in their ideology and daily behavior.

In order to alleviate the negative impact of live streaming on young people, it is necessary to combine social regulation, platforms' own norms, family education, and young people's self-education to form a synergy and regulate the behavior of live streaming. At the same time, it is crucial to strengthen the positive value of network cultural products, the platform management norms of the system, and the construction and supply of a good social circle for teenagers and children. In addition,



it is also necessary to regulate the live streaming behavior of those media companies in accordance with the law, and enhance the bottom-line awareness of the professional behavior of the live streamers [12].

#### 4. Conclusion

The rapid development of Internet technology in today's era—the development of cloud computing, big data, artificial intelligence, and other emerging technologies—has greatly promoted the scale and intelligence of Internet services. The development of e-commerce in today's context provides people with a more convenient shopping experience. However, such rapid development also brings some problems and challenges. This paper analyzes the three mainstream marketing strategies of e-commerce at present. After the analysis, it finds that the current industry of e-commerce is highly competitive, and a large number of people enter the field of the live streaming to earn money on the social media, creating a bad competition in the market. It is often the consumers who are hurt in these bad competitions, such as being induced to spend money, resulting in the purchase of goods that are not useful for them, or being influenced by false propaganda to buy useless things. Inadequate cyber laws and inaction on the side of the platforms have resulted in the rights of consumers not being well protected.

This paper analyzes the negative impact of live streaming on teenagers by taking commodities with a gambling nature and the blind box card game as examples. According to the State Administration of Market Supervision and Administration, blind box products shall not be sold to children under the age of eight, and selling blind box products to teenagers above the age of eight requires parents' approval. In live streaming, merchants did not check actively on the age of the purchaser, which violates the regulations. It is recommended that platforms should add protections such as real-name authentication when purchasing goods to ensure that they do not violate the law.

The article analyzes the advantages and disadvantages of online marketing strategies in the current situation with specific examples. However, these negative effects can be quantitatively analyzed using data such as the number of views and the number of purchases. Future studies could include quantitative analysis based on the findings from this study.

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