A Study on the Business Model of Influencer Economy Based on SWOT Analysis

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Abstract. Since the beginning of the 21st century, the influencer economy has driven transformations in business models and given rise to a variety of emerging industries. As such, it holds significant theoretical relevance and practical application value. This paper conducts a comprehensive analysis of the business model of China's influencer economy using the SWOT analytical framework, examining its strengths, weaknesses, opportunities, and threats. The study finds that the influencer economy offers advantages such as low development costs and precise marketing, while also facing drawbacks including intense price wars among merchants and the inherent risks of relying on influencers. Opportunities lie in China's strong policy support for the internet economy and the rise of multi-career individuals and a knowledge-based paid content ecosystem. Threats include evolving social values and a tightening regulatory environment.

Keywords: Influencer economy, business model, SWOT analysis

1. Introduction

The influencer economy is a novel economic phenomenon that has emerged in the era of the internet and digital economy. It refers to the economic model in which online influencers attract large followings through various social media platforms and subsequently convert this traffic into purchasing power, thereby achieving monetization and generating revenue.

Since the start of the 21st century, the influencer economy has driven significant changes in national economies, corporate development, and consumer markets. It has also given rise to a range of new industries, including influencers themselves, multi-channel networks (MCNs), integrated content-commerce marketing agencies, platform channels, and supply chain enterprises. A relatively complete industrial chain has taken shape across multiple countries. For example, live-streaming e-commerce—one of the most prominent business models within the influencer economy—leverages the reach and credibility of influencers to directly connect with a large number of target consumers, thereby enhancing product visibility and conversion rates. Therefore, investigating the novel characteristics of business models under the influencer economy not only enables enterprises to better understand consumer shopping behaviors and brand perceptions, but also provides new impetus and opportunities for regional economic development.

This paper focuses on the business model of China's influencer economy and employs SWOT analysis as the primary research method.

2. Literature review

The literature most relevant to this study focuses on the development of business models within the context of the influencer economy. Shang Jing [1], based on the background of the influencer economy, examined business models in the footwear and apparel industry. Li Fanglin et al [2]. conducted an in-depth analysis of the business model of the influencer economy from five perspectives: causes of emergence, business development models, operational mechanisms, current characteristics, and future trends. Ci Zhaohui [3] analyzed current problems in marketing models through the lens of influencer-based business models and explored effective marketing strategies for enterprises by examining the foundations of the influencer economy. Zhong Qing [4] first described the current state of development in the influencer economy, then elaborated on business model innovations in small and medium-sized enterprises (SMEs) under the influence of the influencer economy's industrial chain, and emphasized its significance for SME development. Wei Ning and Pei Xiao [5] took the influencer economy as the research object and specifically analyzed its historical development, current situation, business models, and existing problems, offering suggestions for sustainable development. Wang Xueyan and Fan Lu [6] studied the business development models of the influencer economy from multiple angles, including C2C, B2B, B2C, and B2C2C models. Li Beibei and Li Qiujie [7] analyzed the business model of content-driven influencer economy from four dimensions: communication agents, content production, social asset accumulation, and commercial monetization, thereby revealing its operational mechanism.

In addition, studies that focus solely on the influencer economy are also pertinent to this paper. Zheng Ziyun and Chen Qiangshen [8] analyzed the causes, current status, and issues within the influencer economy, and proposed targeted strategies to improve and promote the long-term and stable development of its business model. Hao Chenfeng [9] took the case of influencer Rebecca Li as an example to analyze shortcomings in a specific type of influencer business model and offered recommendations for future development. Li Bei [10] highlighted the significant role of the influencer marketing model in promoting product presentation and sales in e-commerce. Wang Jianfang [11] analyzed the concept and background of the influencer economy and proposed scientific development strategies by examining four key dimensions: the communication subject, content generation, formation of social capital, and commercial monetization. Chen Chunmei [12] analyzed the current market context, exploring the integration of influencer economy, live streaming models with e-commerce, as well as the characteristics of the "e-commerce + live streaming" model. Chen Feng [13] examined the current landscape of the male cosmetics market within the context of the male influencer economy, analyzed the similarities and differences in purchasing motivations between male and female consumers, and explored the opportunities brought by influencer marketing models to male cosmetics promotion. Lü Fang [14] conducted an in-depth analysis of the current e-commerce live streaming market, including its scale, promotional strategies adopted by mainstream media and enterprises, and content conversion rates. Based on this research, the study further explored the impact of e-commerce live streaming on consumer purchasing behavior and projected its future development trends.

Finally, the literature relevant to this study also includes discussions on business model transformation. Chen Yu'er [15] conducted a study on the innovation and transformation of enterprise business models in the context of the digital economy. Wang Lin et al [16]. focused on business model innovation among entrepreneurial firms in Ningbo within the digital economy context, examining their key driving factors, innovation pathways, and prevailing challenges. Zhou Yanling [17] identified specific transformations in corporate business models under the digital economy, encompassing four key dimensions: intelligent business models, platform-based business

models, sharing-oriented business models, and cross-boundary business models. Zhang Yaxuan [18] conducted a multidimensional analysis of logistics enterprises' operational models in the Internet era, identifying common challenges in their business models under the sharing economy paradigm. Ma Yufei [19] conducted an in-depth analysis of the business model in the leisure snack industry under the internet-based new retail context, using Liangpin Shop as a case study. Based on Osterwalder's business model component theory, the study systematically examined four key dimensions: product and service offerings, customer service systems, infrastructure configuration, and financial capabilities. Qi Yutai et al [20]. conducted an analysis of rural sharing economy practices and, building on empirical observations, proposed original perspectives regarding viable business models for rural sharing economy development in the internet era.

Based on the above literature, the potential contributions of this paper are as follows:

First, in terms of research topic, although there is a substantial body of research on business models in general, studies specifically focusing on the business model of China's influencer economy remain relatively limited. Therefore, this paper addresses a relatively novel and underexplored topic. Its analysis of China's influencer economy business model from a SWOT perspective helps to fill a gap in the existing research.

Second, in terms of research methodology, this paper applies the SWOT analysis framework to examine the strengths, weaknesses, opportunities, and threats of the influencer economy business model in China. The analysis is comprehensive, rich in detail, and in-depth, and it proposes timely and relevant arguments.

3. SWOT analysis

The SWOT analysis method was first proposed in the 1980s by Professor Heinz Weihrich of the University of San Francisco. Originating from corporate strategic analysis, it is a classic qualitative evaluation framework and has since been widely applied across various fields as a strategic analysis tool. Specifically, the method involves four key factors: internal strengths and weaknesses, and external opportunities and threats. It serves as a comprehensive and integrative approach to analyzing internal and external conditions of an enterprise.

3.1. Strengths

Low Development Costs: From the perspective of fixed capital investment, the influencer economy typically relies on online platforms such as social media, eliminating the need for physical storefronts, production lines, or large inventories. This avoids traditional costs such as rent, equipment, and warehousing. From a marketing perspective, influencer-driven business models acquire traffic via personal IP and social networks, significantly reducing customer acquisition costs compared to traditional advertising. From a technological standpoint, such models often utilize free or low-cost editing tools and data analytics dashboards, lowering technical expenses. Therefore, compared with traditional business models, the influencer economy boasts significantly lower development costs, enabling greater profit margins and providing foundational competitive advantages in the era of next-generation information technology.

Precision Marketing: Influencer-based business models enable refined user profiling and fan segmentation. Influencers and brands gather behavioral data such as browsing, likes, comments, and shares through social media, and apply algorithmic analysis to derive users' interests, consumption habits, and geographical data. Furthermore, influencers typically segment their fan base and deliver customized content or ads to different audience groups, thus improving conversion rates. For

example, gaming influencers promote peripheral products, while parenting bloggers recommend childcare items—perfectly aligning content with audience needs. In contrast to traditional models, this represents a shift from "mass bombardment" to "sniper-style targeting," marking a critical advantage of precision marketing in the influencer economy.

3.2. Weaknesses

Price Wars Among Merchants: Due to low entry barriers, the influencer economy attracts a large number of influencers, leading to market oversupply. Similar personas and product selections often result in content homogenization, compelling influencers to compete through price reductions. Additionally, brand-driven price suppression and capital-subsidized campaigns further disrupt price structures. These dynamics foster malicious price wars, which shorten influencer career lifespans, damage premium brand images, offer consumers short-term benefits but expose them to poor-quality goods in the long run, and ultimately hinder innovation and sustainable development in the industry.

Influencer Risk: The core of the influencer economy is its reliance on personal IP as the traffic gateway and monetization vehicle. However, due to influencers' inherent unpredictability and the rapidly evolving industry environment, this model carries significant risks. For instance, inappropriate remarks during livestreams or on social media may trigger public relations crises for brands. Additionally, large-scale fan unfollows triggered by a "persona collapse" can drastically reduce a brand's commercial value. Therefore, influencer risk represents a major weakness, potentially leading to financial losses and reputational damage for associated brands.

3.3. Opportunities

Strong Government Support for the Internet Economy: Since the 21st century, China has implemented extensive supportive policies for the development of the internet economy, including tax incentives, encouragement of innovation and collaboration, special guidance funds, and credit support. In terms of taxation, e-commerce enjoys relatively low tax rates; in innovation and collaboration, China promotes partnerships between financial institutions and internet enterprises to establish a healthy fintech ecosystem; provincial-level "Internet" guidance funds are established to support internet infrastructure and demonstration applications; and government-backed financing guarantee companies are increasing support for internet enterprises. Collectively, these favorable policies provide major institutional opportunities for the further development of the influencer economy and its evolving business models.

Rise of Slash Youth and Knowledge-Paid Ecosystem: The internet economy has given rise to a large number of "digital nomads" who combine traditional and emerging careers, enabling cross-disciplinary skills and knowledge monetization—giving birth to the unique Chinese phenomenon of "slash youth." For example, many lawyers, doctors, and programmers have gained popularity by sharing workplace anecdotes and participating in shows like Rock & Roast, serving as typical representatives of this demographic. By integrating multiple professional identities and cross-sector resources, slash youth contribute innovation and sustainability to influencer business models, representing a significant social opportunity.

3.4. Threats

Shifting Social Values: In China, societal values are shifting toward consumption rationality, anti-consumerism, and heightened moral and social responsibility. Consumers increasingly value

practical utility over marketing hype. Generation Z, in particular, is resisting influencer-driven markups, instead favoring sustainable consumption and the second-hand economy. Meanwhile, the public now demands that influencers bear greater social responsibility, and any moral controversy can lead to sudden reputational collapse. Although these value shifts are pushing the influencer economy from a "traffic-first" to a "value-first" paradigm, the transitional process itself poses survival challenges to business models heavily dependent on short-term traffic monetization.

Tightening Policy and Regulatory Environment: China's internet sector is experiencing a surge in compliance costs and a narrowing of monetization paths due to stricter policies and regulations. Since 2021, the tax crackdown on influencers has compelled many small influencers to register as sole proprietors, increasing compliance burdens. In terms of monetization restrictions, the Measures for the Administration of Internet Advertising require clear labeling of all "store visit" and "soft ad" content as advertisements, limiting advertising practices. Moreover, the 2023 Administrative Measures for Online Live Marketing mandates the public display of business licenses during livestreams, further regulating livestream e-commerce. While such regulatory tightening promotes industry maturation from "barbaric growth" to "refined cultivation," it also constitutes a critical policy threat to speculative influencer-based business models.

4. Conclusions

This paper has analyzed the business model of the influencer economy, highlighting its key strengths —namely, low development costs and precision marketing. At the same time, it has identified notable weaknesses, including price wars among merchants and influencer-related risks. The model faces promising opportunities in the form of strong government support for the internet economy and the rise of slash youth and the knowledge-paid ecosystem. However, it is also threatened by shifting social values and a tightening policy and regulatory environment.

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