

# ***The Characteristics, Existing Problems, and Solutions of Live-streaming Sales***

**Xuemei Li<sup>1,a,\*</sup>**

*<sup>1</sup>Xianda College of Economics and Humanities, Shanghai International Studies University,  
Shanghai NJ 200000, China*

*a.2846609687@qq.com*

*\*corresponding author*

**Abstract:** Live-streaming sales have become one of the most popular marketing methods, attracting the participation of both major brands and internet celebrities. As this strategy has become more mainstream, its problems have also been laid bare. By analyzing the characteristics, issues and solutions of this medium, this paper aims to create a positive environment for live-streaming sales and provide greater consumer protection. Secondly, this paper intends to provide practical advice for entrepreneurs interested in engaging in the live-streaming sales industry.

**Keywords:** live-streaming sales, e-commerce, influencer, Internet celebrities, product quality, supervision, entry threshold

## **1. Introduction**

With the advent of high-speed 5G mobile networks capable of supporting high-definition video streaming, live-streaming sales have become one of the most popular sales model, as it suits both merchants and consumers and dovetails with broader trends towards social commerce [1]. Online live streaming mainly uses Internet platforms to display products sold by mainstream celebrities, internet celebrities, and other public figures, and provide consumers with quick answers to product questions [2]. This kind of real-time communication and interaction between buyers and sellers not only increases the goodwill of consumers toward the brand but also improves communication efficiency and promotes sales growth. Before 2020, the audience of live-stream shopping was not large and people still preferred to buy goods after experiencing them offline. However, due to the impact of the COVID-19 pandemic, people's online shopping frequency also increased, and live-streamed goods entered the mainstream. The latest data shows that in 2022 the market size of live-streaming e-commerce in China exceeded 3.4 trillion yuan, with an annual growth rate of 53%, and it is expected to exceed 4.9 trillion yuan next year. In the form of a questionnaire survey, this paper will collect people's opinions on online live streaming, analyze its characteristics and issues combined with relevant data, and give corresponding solution strategies.

## **2. Literature Review**

China's influencer industry is constantly evolving, especially in terms of e-commerce and promotion. Live-streaming sales first appeared in China in 1999, and became popular after 2015. In

2020, due to the impact of the COVID-19 pandemic, consumers were forced to stay at home and they chose to shop online to make themselves happier [2]. In the early days of e-commerce, consumers viewed product descriptions online, and then e-commerce companies established an evaluation system so that consumers could make further decisions based on previous buyers' reviews. Moreover, to let consumers know about products in a more direct way, some companies began to promote products through live broadcasting, and others gradually followed suit. At present, live-streaming sales is mainly divided into two categories: live-streaming based on short video platforms, such as Tik Tok, and live-streaming sales based on e-commerce platforms such as Taobao [3].

The market for China's influencer economy is expanding at a rapid pace; some influencers earn more than \$40 million a year [4]. During Singles' Day 2020 (the shopping day with the largest promotional discounts each year in China, akin to Black Friday in the United States), more than 300 million people watched Taobao Live. Chinese consumers tend to buy products with celebrity brand ambassadors, and their willingness to buy is also influenced by the celebrities they admire [2]. In China, about 40% of products targeted towards teens use celebrity endorsements as a key strategy to increase marketing influence. Interaction is an important feature of business live broadcasting, which can promote the flow of information and feelings, effectively reduce perceived risk for customers and thus increase customer trust. During live broadcasts, broadcasters explain product information, demonstrate the product in use, and convey comprehensive insight about the product to consumers. Consumers watching live streams gain insight in real-time and with additional clarity than from marketing copy or user reviews. This quick and easy method has led to increased consumer satisfaction.

Although live-streaming commerce has made tremendous progress in recent years, some key issues remain unresolved, trust being one of them [5]. Trust is the main reason why customers are least willing to use live commerce. Traditional e-commerce companies cannot interact with sellers in real-time and obtain dynamic product information, thereby increasing transaction risks and hindering the establishment of trust [5].

### **3. The Characteristics, Existing Problems, and Solutions of Live-streaming Sales**

#### **3.1. Characteristics of Live-streaming Sales**

The following characteristics are the benefits of live streaming sales versus traditional sales channels.

1. **Celebrity endorsement.** Associating celebrities with the products they promote can enhance the perceived popularity, credibility, and professionalism of the products through the celebrity's consumer appeal [2]. This can bring considerable benefits to the selling firm, increasing brand awareness, reputation, and value [3] and thus providing a competitive advantage. To some extent, celebrity endorsement is trust consumption. Although Internet celebrities and more mainstream celebrities can spend only two minutes reviewing a product, these crucial two minutes can provide consumers with sufficient information about the products and encourage them to place orders immediately, with those who buy first enjoying the priority of immediate delivery [6]. In many cases, people buy products not because they think the products are good, but because the stars they like endorse the products. As a result, products with celebrity endorsements almost always sell much better than ordinary products.

2. **Highly interactive and fun.** Most people hold a positive attitude toward marketers on TikTok, because these dynamic videos allow users to post videos or photos with music. For example, when people browse TikTok, they may see a video posted by a user saying that their brand's garbage bag is of good quality and demonstrating the fact by filling it with water without breaking. At this

moment, a merchant can also sell the garbage bag live, attracting people to the live broadcast room. Hosts will introduce the main functions of each product and organize marketing activities to improve consumers' shopping experience. When consumers are satisfied with the shopping experience, they can facilitate the transaction [7]. If they have any questions about the product, they can post them in the chat box, and the merchant can reply promptly to interact with customers or even offer discounts which attract consumers to buy the product. Sometimes they even perform their talents in the broadcast room, give red envelopes, and choose lucky guests to give gifts, so people are incentivized to stick around and eventually buy the product. Most importantly, manufacturers launch newer products based on customer satisfaction with related products. Based on their impression of the brand, consumers can choose to buy the products again and a lot of merchants will also offer greater discounts to those who have purchased their products before. However, the structure of attraction is multidimensional [8]. Not only are the aspects of physical attraction included, but attraction also includes other characteristics such as personality and athletic ability [9].

3. The inventory of goods is small but liquidity is strong. When influencers sell goods on TikTok, they don't need to buy a lot of goods; often, only one sample is needed to show a product. They can purchase goods according to the demand of their fans or their expected turnover, which saves on costs significantly. Moreover, even if there is a surplus of goods, sellers would also have other methods to promote more sales, for example, lowering the prices, buying one and getting one for free, or offering extra presents.

4. Wide audience. Traditional offline physical stores face customer groups with regional restrictions and may only be frequented by nearby residents or loyal customers. They are also limited by their opening hours, not allowing consumers to make a purchase outside of business hours. Conversely, live streams are more flexible and can take place at any time to a much wider audience all over the world. If you have a phone and an internet connection, you can shop in this way.

### 3.2. Existing Problems of Live-streaming Sales

With the rapid development of live-streaming industry, problems also arise. The following are the existing problems of live-streaming sales.

1. Substandard product quality. After all, as it is impossible to hand-select products when buying via a live stream broadcast, so there are certain risks. Consumers mostly place orders based on their trust in the influencer or the brand. It's not uncommon for internet consumers to receive goods that are not as expected, in terms of quality, functionality or even color. For example, the Internet celebrity Simba, one of the most popular live-streaming influencers in Chinese short video platforms, sold bird's nests that were described as genuine, but later exposed by Wang Hai, a well-known Chinese consumer advocate who investigates counterfeit goods, as being made of significantly cheaper sugar water. After initial denials, Simba admitted the products were not as described. A lot of influencers abuse the trust and love of their fans, exaggerating their feedback of products they may not have even tested to line their pockets. In recent years, there have been many incidents resulting in illness and hospitalization, such as dangerous weight-loss pills promoted by celebrities, with insufficient consumer protections.

2. Poor influencer quality. As the scale of live streaming on the Internet continues to expand, the demand for hosts have also increased and recruitment requirements have dropped. In addition, everyone can operate a personal account and became the so called self-media nowadays. Network broadcasts are visual and intuitive experiences, and consumers may only pay attention to a stream for a few seconds. In this context, physically attractive hosts trump those with education, family connections and/or relevant work experience. They just need to speak eloquently, not be nervous on

camera and be able to cooperate with marketers' demands. As a result, the overall quality of influencers was highly reduced. In addition, the lack of strict supervision has made this situation even worse.

3. Signs of fraud. False publicity is a common phenomenon on these platforms. When selling goods via broadcast, the host will demonstrate the product within a few minutes to stimulate consumers' desire to buy. In this case, the host may exaggerate, lack understanding of the product or provide false information. For example, an internet celebrity called Pingrong sold "grassland geese" raised in Inner Mongolia at a premium, but these were revealed to be ducks raised on ordinary feed in China. Data falsification is another danger, as some businesses promote their broadcasts with fake watchers and buyers, sometimes relying on specialists with hundreds of mobile phones to provide the impression of widespread interest and drive consumption.

### 3.3. Solutions of Live-streaming Sales

Based on the characteristics and existing problems of live-streaming sales, the following are the solutions which can help live-streaming to develop better.

1. Live streaming platforms should raise the entry threshold for influencer participation and review their qualifications. If consumers find inconsistency between celebrities and the products they endorse, they will think of the celebrities are marketers with ulterior motives. Once a celebrity is regarded as a marketer rather than an opinion leader, consumers would lose trust in their recommendations, give up buying the marketed products and may even lose trust in the celebrity altogether [10]. Therefore, in order to improve the quality of live-streaming influencers, for example, live streaming platforms could exclude hosts with high complaint rates or those that have committed crimes. Besides, all major live-streaming platforms should regularly train their hosts to make them familiar with knowledge needed for live broadcasting. Moreover, undesirable inducements and false marketing should also be resolutely resisted.

2. Influencers should strictly select products based on their quality. The selection of genuinely good products is the most important point of live delivery, as it promotes a positive cycle of engagement, purchases and word of mouth. Hosts must also carefully understand the products they recommend. People pay attention not only to design but also utility. Therefore, hosts should be ready to introduce the products in detail before the broadcast begins and accurately answer consumer questions. At the same time, the market supervision department should also participate in ensuring product quality and prohibit dangerous or otherwise unqualified products from entering the market.

3. Improve the supervision system. The government departments concerned should be better equipped to deal with the phenomena of exaggerated testimonials and falsified data. Government departments should establish a credit system for online celebrities that market goods and services, with harsh penalties for those that intentionally cheat and mislead consumers, promote counterfeit goods and so on. In serious cases, their professional qualification certificates for live streaming and transporting goods could be revoked. Advanced technologies can be used to supervise anchors, allowing violations to result in rapid exclusion from live streaming platforms.

## 4. Conclusion

The main purpose of this study is to discover the characteristics and existing problems of online live streaming through qualitative research methods and put forward corresponding solutions. Based on the experimental results, the main conclusion can be summarized as follows. The most important characteristic of live-streaming sales are their reliance on celebrities and influencers. The influence of online streaming depends to a large extent on the visibility, attention, number of fans,

personality, expression, and professionalism of hosts in live streaming activities. Hosts promote products to the best of their ability, with different hosts promoting the same product in different ways to suit different audiences. Secondly, consumers trust their favorite stars more, so they are more willing to buy their products. The interaction between hosts and fans increases interest and keeps fans watching for a longer time. In addition, during the live broadcast, the host is aided by a team that can answer questions raised by consumers, provide a good purchase experience and increase purchase desire.

However, some problems existing in network broadcasts also need to be solved quickly before they spiral out of control. The main problem discovered is that the quality of products is difficult to guarantee. Some anchors will exaggerate or falsify their experience of commodities to increase their profits. Products delivered may have a different appearance, tattered packaging, and so on. At the same time, the quality of anchors has garnered popular attention. While some hosts provide seemingly genuine experiences and can answer questions well, others are less capable and the standard of entry is arguably too low. Therefore, it is necessary to put forward solutions to solve these problems. First, the quality of products should be strictly controlled to ensure the interests and safety of consumers and attract more repeat customers. Secondly, the employment threshold of hosts should be raised, and those that are better educated with relevant experience should be selected for interview. Finally, it is necessary to ensure authenticity and resist false sales data so that consumers have an accurate reflection of affairs and can buy with confidence. After overcoming these problems, online live streaming can continue to improve as a marketing method and consumers can become more trusting. Based on these conclusions, the purpose of this article is to inform practitioners that they should consider not only short-term profits but also long-term consumer satisfaction.

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