

# *An Analysis of the Live Streaming Economy in China*

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**Abstract:** The live streaming economy has gained prominence in China's "Internet+" era, leveraging live streaming platforms and mobile technology to drive sales. While it has yielded significant profits and popularity, this emerging economic model faces several challenges. This article conducts an in-depth analysis of the issues within the live-streaming economy and proposes effective countermeasures. Quality control and regulation pose major concerns in the live-streaming ecosystem. The proliferation of substandard and counterfeit products undermines consumer trust and damages brand reputation. Unethical practices, including false advertising and deceptive sales tactics, have also become prevalent, eroding industry integrity. Additionally, intense competition has led to market oversaturation, making it challenging for individual sellers to stand out and achieve sustainable growth. To address these challenges, stricter regulations and guidelines must be implemented to ensure the participation of verified and trustworthy sellers on live-streaming platforms. Emphasizing transparency and accountability, along with penalties for deceptive practices, is essential to foster a reliable environment. Improving the professionalism and skills of live streamers through comprehensive training programs and workshops can enhance product knowledge, communication skills, and ethical standards. In conclusion, while the live streaming economy in China's "Internet+" era has witnessed remarkable growth, it encounters challenges related to quality control, unethical practices, and market saturation. By implementing stringent regulations, promoting transparency, and enhancing the professionalism of live streamers, these challenges can be effectively tackled, paving the way for sustainable development in the live-streaming economy.

**Keywords:** live streaming, network broadcast, information technology

## **1. Introduction**

Since 2014, the rapid development of live webcasting, and soon became one of the entertainment projects loved by all people. "Watching live broadcasts" as well as "being live" have almost become a behavior of co-existing citizen practice. 2016 is known as "the first year of webcasting", and in 2016, the scale of webcasting users in China reached 344 million, accounting for 47.1% of the total number of Internet users. For this reason, large Internet companies (Google, Facebook, Tencent, Baidu, etc.) have been continuously acquiring as well as building new live-streaming platforms to realize their own live-streaming industry layout. However, as of June 2022, live streaming had 716 million subscribers in China, up 12.90 million from December 2021 and accounting for 68.1% of all Internet users. Particularly, live-streaming e-commerce users totaled 469 million, up 5.33 million

from the end of 2021, accounting for 44.6% of all Internet users. They made up 29.0% of the total with 305 million, an increase of 2.90 million over the previous six months [1].

The live economy is a new marketing tool that combines live broadcasting on e-commerce platforms as a sales channel with e-commerce and is a new form of online marketing. The definition of live economy can be divided into broad and narrow sense. Broadly speaking, live economy refers to the economic form of producing and releasing the occurrence and development of live events simultaneously through the Internet platform and network communication, and generating economic benefits in the two-way circulation process, i.e. the sum of economic activities related to Internet live broadcast; in a narrow sense, live economy refers to the live content broadcast based on Internet live broadcast and the "live+ "industry. "Internet + various traditional industries" is the commonly held notion. The "Internet+" era gave rise to the "live economy," a ground-breaking economic model that is crucial for advancing technology, boosting real-world productivity and innovation, enhancing industrial structure, and fostering economic growth. By the first half of 2020, although the domestic economic environment is still in a "weak" state under the influence of COVID-19, the live broadcast economy has ushered in a big explosion. Contrary to many other countries that have seen dramatic GDP losses, China has maintained positive GDP growth rates over the past three years despite the epidemic's negative effects on the economy. Live streaming can be a potent platform for the Chinese economy's resurgence during this time, illuminating the country's economy and demonstrating the potential and energy of the Chinese market [2]. It can be said, the "live + e-commerce" model of the live economy after its development, has really become a breakthrough in the e-commerce industry. New forms of industry to meet the diversified needs of users, the formation of everything can be broadcast situation, in addition, to live e-commerce, education live, fitness live, live games, etc. are sought after by consumers. Nowadays, many Internet companies are competing to enter the webcasting industry, but some Internet companies are trying to get more economic benefits, leading to some bad behaviors constantly. In this context, how to make the webcasting industry develop healthily and stably is a problem that the relevant people need to study and explore at present.

## **2. The Development and Characteristics of the Live Streaming Economy**

### **2.1. Factors that Promote the Rapid Development of Network Broadcast**

#### **2.1.1. The Promotion of New Online Media and other New Technologies**

The rapid development of Internet information technology, the growing maturity of e-commerce and the emergence of major short video live APPs have greatly contributed to the transformation of China's national lifestyle and production methods. The number of Internet users in China reached 1,051 million as of June 2022, a record high, and the country's Internet penetration rate reached 74.4%, up 1.4 percentage points from December 2021, according to the 50th China Internet Development Statistics Report published by the China Internet Network Information Centre [1]. More and more nationals are getting involved in online shopping, and the "live with goods" sales model has become the "new favorite" of businesses and consumers.

Technological progress has reduced the access threshold and become a prerequisite for promoting the development of live webcasting. The technical limitations that live streaming faces have been significantly reduced by the 5G network, WIFI hotspots, smartphones, and other ongoing technological advancements, ushering in the "as you go, as you see, as you broadcast" age for live streaming platforms. Customers can use a convenient mobile phone to view live streaming. The broadcast software is straightforward and user-friendly, and the anchor may transmit live content using a laptop or a smartphone. The live material may be much improved by the anchor leaving the live room, broadcasting live at any time, from any location, and switching sceneries at will. Through

pop-ups and dialogue boxes, users and anchors may also communicate in real time and spread in both ways, which not only helps to adapt the live content but also improves the user experience.

### **2.1.2. The Push of Commercial Capital**

Due to the live broadcasting industry's significant growth potential, several social media platforms have been competing to invest in, purchase shares of, acquire, or establish their own live broadcasting platforms since the second half of 2015. As a result, the live broadcasting sector has received a significant infusion of cash. In 2015, YY invested 700 million yuan in Huya Live broadcast as part of a twin strategy of capital dividend and commercial competitiveness, and the company went on to dominate the Chinese live broadcast market. In March 2016, Tencent and other companies injected 100 million US dollars into Douyu, so that it gradually from the game live to sports, variety, entertainment, outdoor, and other live content expansion. Numerous sizable live-streaming platforms have finished high fundraising as of August 2017. The capital market has continued to pay attention to several beauty apps, screen recording software, and live broadcast infrastructure in addition to the live broadcast platform [3].

## **2.2. Characteristics of Live Streaming**

### **2.2.1. High Interaction**

Customers can consult with anchors at any time on the live site about the composition of goods, quality, and other issues, but also through the anchor's trial, try-on, try-eating, and other ways to achieve the effect of product experience, making "live-streaming marketing" very different from the traditional online shopping mode that relies on pictures and videos.

### **2.2.2. Users' Demand Being Satisfied**

The key factor influencing the growth of output is demand. One of the reasons people use the internet is for social communication. Through the exchange of information, people develop personal socialization and acquire or update their social standing. Traditional media is vanishing for a number of reasons, including the fact that it does not satisfy the audience's universal demand for "communication" and does not fully appreciate the significance of social media qualities. In contrast to Weibo and WeChat, users may share themselves, advertise themselves, and express themselves by leaving comments, sending bullets, presents, and even playing games together while live broadcasting. The content of network broadcasts is rich and close to life, and it is both timely and effective. Sociability can even satisfy people's desire for voyeurism and curiosity. The network broadcast not only realizes the content consumption of users, enhances the audience's sense of experience and participation, but also satisfies social needs and is conducive to stimulating the consumption desire of netizens.

### **2.2.3. Including a Wide Range of Participants**

"Live streaming marketing" encourages participants to have a wide range of interests because there are few limits on time, place, subject, employment, and other factors. Everyone may participate in "live streaming marketing" as long as there is a network, network terminals, and other essential tools. They can either act as anchors or as consumers. The terms "de-elite" and "civilianization" have solidified network broadcasts' hegemonic status among the broader populace. While network broadcast as "we-media" dispels the "elite bias" in information transmission, China's conventional media is the "elite media" controlled by professional media organizations. Modern theories of political economy of communication contend that audiences are not only passive recipients of

information but rather active participants in the dissemination of information and co-creators of media goods [4]. The potential for information communication to become more equitable across different groups has been fostered by social advancement and technical development. These factors have also made it easier and less expensive for regular people to express their own will. Additionally, it has subtly aided in the steady shift away from "elite media" towards "national shows" in terms of communication patterns.

### **3. The Positive and Negative Effects of Live Streaming**

#### **3.1. Positive Effects of Live Streaming**

##### **3.1.1. Promote Social and Economic Development**

Affected by COVID-19 in 2020, the consumption of Chinese residents has been greatly restricted, and consumption power has been greatly weakened, and the entire Chinese economy is in a continuous downturn. The broad emergence of "live streaming marketing" has created a new avenue and channel to support and meet resident consumption and has grown into a significant economic growth driver. "Live streaming marketing" has played an irreplaceable and powerful role in promoting the sale of agricultural products, rural revitalization, and promoting economic growth. According to statistics, In 2019, the total scale of China's live-streaming e-commerce industry reached 433.8 billion yuan, and the scale is expected to double by 2020 [5].

##### **3.1.2. Broaden the Employment Channels**

From the rise and development of "live delivery" in 2015 to now continue to mature, after these years' development, the "live streaming economy" has increasingly developed into a relatively mature business model. Especially from 2020 to 2021, "live streaming marketing" has driven the development of related industries such as the express delivery industry and anchor industry while developing rapidly. "Live streaming marketing" also transcends urban boundaries and gradually spreads to rural areas. Farmers have taken part in the promotion of regional agricultural products in many locations, undoubtedly generating new employment opportunities and jobs for an increasing number of farmers. Additionally, many college students have entered the "live streaming marketing economy" as a result of this new economic model's low cost, low threshold, and high yield. To some extent, this has expanded the employment opportunities for college students and improved their difficult employment situation. On the other hand, it can also make college students' intelligence and wisdom can be well applied to this new economic model, and it is very good to realize the use of learning. In addition, the "live streaming marketing economy" is also a good employment direction for some other groups who are unemployed and want to get better development through this economic model.

##### **3.1.3. Effectively Stimulate Consumption**

The form of live broadcast is relatively novel, and it is very different from traditional media, in that the audience can see the product dynamically in video, communicate with the anchor, and even specify a comprehensive display of a product, and communicate with other viewers. This form of real-time interactive communication greatly improves efficiency, and a better understanding of the performance and quality of products ensures that various information about products is more accurate and convenient, and stimulates the audience's desire to buy. The way of introduction, personal popularity, and image of live anchors all affect the audience's consumption psychology and can effectively stimulate consumption.

### **3.1.4. Empower Companies and Industries**

In the past, due to the lack of material and productivity momentum, producers dominated the development of the market economy, and now, the overall show the "consumer and producer interaction mode" or "production and consumption interdependence mode", that is, consumers directly communicate with producers to improve the quality of commodity production, better optimize the production of goods and services and other processes. An outstanding feature of network broadcasts is the interaction between fans and anchors. Anchors will tell netizens the use process and attention details of the products in the form of a network broadcast, which is convenient for people to use. At the same time, most of the products with goods are of better quality and cheaper price, because this is a direct docking between producers and consumers, reducing the middleman link, so it is a multi-purpose thing for the majority of Internet users and farmers anchors, providing impetus for the overall boost to economic development.

## **3.2. Live Streaming Economic Development Problems**

### **3.2.1. Vulgar Live Content**

With its high income and low threshold, "network anchors" have begun to become one of the people's favorite professions, and the number of live broadcast groups has been further increased under the further promotion of the rapid development of the live broadcast industry. However, with the expansion of live broadcast groups, the quality of anchors began to appear uneven, and some live broadcast groups were strongly "utilitarian". In order to seek the benefits of live broadcasting, they ignore the rules of live broadcasting platforms, sensation-seeking, live broadcasting content is mainly pornographic and vulgar, and live broadcasting behavior repeatedly challenges the national legal boundaries, which once made the live broadcasting industry smoky, making it difficult for high-quality anchors to speak up and firmly choose their own live broadcasting career. In a short period of time, it quickly caused the phenomenon of laymen's disgust for live broadcast groups, which made the originally thriving healthy network broadcast industry once fall into a trough, seriously hindering the healthy development of the live broadcast industry and the creation of "live broadcast economy". From 2016 until now, Chinese netizens have had a low evaluation of the content of online live-streaming platforms. In 2016, 90.2% of internet users said they thought the value orientation of online live-streaming platforms was ordinary or poor, and 77.1% said they thought the material on these sites was vulgar [6].

### **3.2.2. Existence of Fake and Shoddy Goods**

First of all, there is the problem of poor quality in the goods of "live streaming with goods". In order to expand sales and achieve more economic benefits, some merchants and network platforms often produce and sell low-priced but poor-quality inferior products through some network broadcast platforms. There are widespread violations of "false advertising, sales of fake and shoddy goods, unfair competition, etc." [7]. Some merchants seize the psychological characteristics of some consumers, such as being greedy for small and cheap, greedy for vanity, mass production and sale of some international brands of skin care products, bags, and other fake and shoddy products, disguised as high-end products, and the sale of discounts, inventory clearance, promotion and other ways on the online live platform. Secondly, the phenomenon of false and exaggerated propaganda also occurs from time to time. In order to win the attention of more consumers, some merchants and anchors carry out false propaganda on live broadcasting platforms, arbitrarily exaggerate the functional efficiency of products, and sell their products at high prices. Some streamers and platforms even "fake heat data to induce consumers to buy products by creating an atmosphere or heat" [8]. Finally, the



problem of difficult after-sales service guarantees is widespread. Even though "live streaming with goods" is getting more sophisticated, there are still a lot of flaws. For instance, some live streaming platforms' after-sales service systems aren't perfect, making it difficult for some customers to use the platform to safeguard their legitimate rights and interests when they purchase shoddy or fake goods. This causes serious harm to those customers' own interests. The existence of these phenomena has a significant negative impact on the growth of businesses, the defense of consumer interests, and the long-term sustainability of the network economy. They not only seriously violate the legitimate rights and interests of consumers, but they also partially disrupt the network market's order.

### **3.2.3. Not Strictly Regulated**

With the rapid development of live streaming with goods, because of the lack of maturity, the industry and commerce and other related departments are not under strict supervision, and many other problems are also highlighted. The practitioners of live streaming are people from different regions and different industries, and there is a serious shortage of supervisors who know network technology and legal knowledge, which leads to insufficient network supervision. The network supervision has been insufficient.

## **4. The Optimization Path of Live Economic Development**

### **4.1. Raise Entry Threshold and Industry Standards for Anchors**

The national Internet management should supervise and even unite the associations of webcasting platforms to develop the entry threshold for webcasters and implement a registration system. The various webcasting platforms should join together to investigate the anchors when signing them up, and those with multiple bad broadcasting records should not only not be hired, but also be blocked industry-wide.

### **4.2. Formulate and Implement Relevant Policies and Measures**

The development of the live economy also depends on the relevant management departments to develop policy measures and implement them. In response to the integrity issues in live-streaming with goods, product quality does not match the name and other behaviors, the management should, in accordance with laws and regulations, effectively strengthen the management of live-streaming with goods, and impose strong penalties for violations, while the relevant departments should proceed to develop more perfect industry standards to further regulate live-streaming shopping platforms and merchants [9]. The government should effectively protect the relevant rights and interests of consumers, not make consumers eat dumb losses, by improving the series of chains, can build a good development environment, and also make the live economy back on the right track. The public's understanding of protection will be bolstered by popularizing pertinent legal information. At the same time, it will expand the anti-monopoly law, intellectual property law, and other connected laws' legal publicity. To increase public understanding of protection by making pertinent legal information more widely known [10].

## **5. Conclusion**

"Live economy" is an emerging economic model in the age of network information. It is the result of the union of e-commerce and net celebrity broadcasting, and it has a significant and irreplaceable role to play in boosting consumer potential, improving the lives of locals, and fostering economic growth in many different ways. However, it also needs to see the problems that exist in the process of its own development, and through the combination of moral self-discipline and legal regulation to effectively

solve these problems. Only by effectively solving these shortcomings in the economic operation of "live streaming marketing", the sustainable and healthy development of this emerging economic model can be promoted and continue to play a strong role in promoting the economy and stabilizing employment in various aspects. Emphasizing transparency and accountability, along with penalties for deceptive practices, is essential to foster a reliable environment. Improving the professionalism and skills of live streamers through comprehensive training programs and workshops can enhance product knowledge, communication skills, and ethical standards. In conclusion, while the live streaming economy in China's "Internet+" era has witnessed remarkable growth, it encounters challenges related to quality control, unethical practices, and market saturation. By implementing stringent regulations, promoting transparency, and enhancing the professionalism of live streamers, these challenges can be effectively tackled, paving the way for sustainable development in the live-streaming economy.

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