

# ***Research on the Reason why Live Streaming is a Useful Marketing Strategy***

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**Abstract:** Live commerce has become a popular trend in the rapid development of a new media society. It gradually takes the place of those traditional retail forms like the previous TV shopping channel and then some social platform videos, which are also popular for companies to improve sales. In other words, an increasing number of businesses are entering the competition of live commerce, which has become a necessary marketing strategy for them. The purpose of this research is to determine why live commerce has been a useful marketing strategy and what impact it has had. The results are shown in two aspects: companies and consumers. For companies, live commerce creates more sales and improves brand attraction. Consumers prefer to watch visual mediums rather than read blogs from various brands. Furthermore, live commerce allows audience members to ask questions concurrently when products are sold, which not only meets the desire for remote shopping but also helps people answer questions in the shortest time possible. The influence of live commerce is gradually changing the structure of e-commerce, which means live commerce is transforming online shopping.

**Keywords:** Live Commerce, New media, Marketing Strategy, Retail

## **1. Introduction**

“If you don’t livestream your show you’re missing out on a huge opportunity that your competitors are going to pick up on.” It’s a saying from a digital manager, Carolina Herrera[1]. That is a good proof of the status of live commerce in the present online shopping world. Live commerce has become so mainstream that a lot of firms are trying to take advantage of it for more benefits. However, there should be more competition since so many companies have been practicing it. When some competitors succeed in a competition, other competitors cannot avoid failure. Thus, this article aims to find the reason why live commerce is chosen by a large group of firms. Although live commerce has been an excellent marketing strategy, the forms of live streaming have been almost the same, and there are not so many ways to improve live commerce by changing its forms but just adding some parts. This is a research gap. The thesis of this research is to explore how to incorporate social media into a marketing strategy. The research method is going to be qualitative, which is about to analyze consumer habits, the nature of business, and the characteristics of live commerce. And it will analyze different data, like the proportion of live broadcast growth and the increasing benefits brought by live commerce compared to traditional retailing forms.

## 2. The Background of Live Commerce

In the market, everyone's goal is to make more money. Hence, if there is a strategy available for them to take advantage of, no one will refuse to try it. Live commerce is one kind of marketing strategy. However, before using it as a money maker, learning what it is may be the most important thing because if every firm is going to join the competition, the people who understand how to use it should be the winners. According to Ventoniemi, live commerce is the act of selling products online through live video while shoppers interact with the brand in real-time [2]. In comparison to other online retailers such as Amazon, live commerce allows customers to interact with sellers while shopping, such as inquiring about product characteristics or delivery time. Furthermore, people can shop at any time and from any location. No matter if they are lying on the bed or sofa or working in an office, all of them can buy what they want by just clicking on their phones and entering a broadcast room. Although there are other kinds of retail models that are similar to live commerce, like posting videos on social media platforms such as YouTube, the biggest difference between them is that buyers are able to get immediate responses in live streaming. In other words, live commerce helps sellers afford better service to consumers owing to its high level of interactivity. Overall, live commerce is a novel type of online retailer that emphasizes interactivity and convenience.

After learning the basic definition of live commerce, some historical information related to it is also important. Live commerce has been the most popular trend in present-day society, and there are many successful examples of using live commerce as a marketing strategy. Nonetheless, despite the fact that live commerce has been around for a long time, there are still parts of the market that do not explore this field. Thus, when did live commerce start? This idea was created in China in 2016. At that time, there was a social retail giant called Taobao. It developed a fresh idea that completely changed e-commerce: mixing the social component of livestreaming video with an e-commerce store that allowed viewers to tune in and make purchases in real time.[3]. This idea helped China earned a lot of money in a short-term shopping event called Double Eleven right after it was appeared. Lately, it was recovered by other countries like America. To follow the trend, plenty of company wanted to catch this chance to win in the market so they began to change their retail form online. For example, In May 2020, Facebook CEO Mark Zuckerberg announced Facebook and Instagram Shops, which are essentially digital storefronts on Facebook and Instagram that business owners from all industries can use to list, promote, and sell products. Merchants also have the ability to feature their products on livestreams and add tappable links that direct users to specific products listed on their Facebook or Instagram Shops, where viewers can ultimately make purchases if they wish[3]. That's the beginning and influence of live commerce.

## 3. The Reason of Choosing Live Commerce

Foremost, how many profits live commerce bring determines how many people will choose it. Data of live commerce should be the most direct and clear explanation. According to reporting by Retail Touchpoints, a 2020 study from Coresight Research estimated that the US livestreaming market would reach \$11 billion in 2021—nearly double its 2020 value. Then, by 2024, it estimates the market will be worth \$35 billion in sales[4]. It refers to the huge value that live commerce has contributed.

There should be several reasons why live commerce can make so much money. It probably can be divided into three aspects: consumers, platforms, and policy. First, consider the consumer. Because of the groundwork laid by previous online retailers, consumers have grown accustomed to shopping online rather than in a physical store. Thus, live commerce satisfies consumers' desire for convenience more. And the first reason can be concluded from people's shopping habits. Secondly, the products sold in a broadcast room are much more expensive in offline markets. For example, in a

supermarket, buying a packet of napkins may cost you 3 dollars but in a live streaming you can just get it for properly 0.99 dollars. The seller is trying to reduce the price of their products as low as possible so that they can appeal to more consumers and stand out of so many live streamings. They catch the consumer's psychology of covetous of small gains. Sometimes even though the audiences do not need the products, they are still willing to pay for it just because it is so cheap. When there is a price difference between the two, 65% of the time it's the online channels that are cheaper than offline (in-store) channels, the study found [5]. That's the second reason of consumers, consumer psychology. Thirdly, when people are buying a good online, they always worry about the quality of that or if it is the same as the picture. Live commerce helps to deal with this problem. Every product will be shown and used in the broadcast room and if there are any requirements or questions, anchors can give a response to them so that solving audience's doubts. So, the third reason is live commerce enables producers introduce their products straightway to audience like in-shop. These are all the consequences of consumers.

The second part is platform. There should be a platform for live commerce to continuously develop. And that platform is new media. In other words, no new media, no e-commerce. New media is any media—from newspaper articles and blogs to music and podcasts—that are delivered digitally. From a website or email to mobile phones and streaming apps, any internet-related form of communication can be considered new media [6]. People are first exposed to new media. New media provides multiple ways for people to get information and live commerce is the present most popular way. In the process of getting used to new media, new media has become an indispensable part of people's life. Then, the appearance of live commerce makes people more rely on the new media. That's the successful point of live commerce. It takes advantage of people's dependence on new media so that people will not regard it as a new thing but just think it's just a part of new media, a part of their life as well. People prefer to use some tools that they are familiar with, and that's why so many people choose live commerce.

The third part is policy. Policy mainly refers to policies regarding COVID-19 because the epidemic brought a lot of influence to trading especially offline trading. It can be reflected most obviously in China because China should be the country with the strictest quarantine policies. As the consumption trend shifts from offline to online in the aftermath of COVID-19, live commerce is clearly emerging as a new purchase window [7]. Thus, actually, we can understand it as live commerce is forced to appear because of the pandemic. In China, lockdown policy is common. People should be quarantined at home and do not go anywhere. If at this time, people are necessarily to buy some goods for daily use, only live commerce can give a hand. And that is why even though people were all staying at home but the economic situation didn't decline rapidly. That's the reason of policy.

The future of live commerce should be bright even if it has some disadvantages, and the epidemic will end some day. Live commerce is on the rise, not only in China. A study found that, of the 14,460 online adults in France, Poland, Spain, and the United Kingdom surveyed, two-thirds have been buying more online, while 70% of surveyed consumers expressed interest in live streaming [8]. Because of its popularity, live commerce is difficult to eradicate in a short period of time. Moreover, it is still in the development stage. After continuous improvement, it will become a more valuable business strategy than it is now.

#### 4. Conclusion

In conclusion, this paper introduces the basics of live commerce briefly. The core of this paper is to explore why live commerce can be a useful marketing strategy. After research, there are three main reasons, including consumers, the platform, which is new media, and the policy, which is COVID-19. Among the three, the consumer's part consists of three aspects: the consumer's shopping habits, the consumer's desire for cheap products, and the consumer's requirement for solving doubt. Except for

these advantages of live commerce, which enable it to become a great marketing strategy, There should be some improvements. Firstly, widen the market for live commerce. In the modern day, most of the products promoted in a broadcast room are just daily-use goods because these are basic needs and it's easy to earn a lot of money. But if the products are classified, they can be divided into necessities of life and some luxuries. For the necessities of life, present-day commerce has done a good job. As for luxuries, there should be some broadcast room promoting these kinds of products. The reason is that they are expensive, and if there is a person to promote them in real life, people will be more willing and relieved to buy them so that the sales of luxuries will grow. Secondly, after opening the luxury market, build up some new models of broadcast rooms, like a one-to-one room. That will not only provide better service but also satisfy people's vanity. This model makes them feel special. Last but not least, it's necessary for a live stream to have its own characteristics, which can make it different from others. People are always looking for uniqueness because it makes things more interesting and appealing. The phenomenon of the present live streaming industry is that everyone is using the same method to promote a product, which is boring. Changing the way sales are promoted will be a good way to appeal to more audiences. The current situation of live commerce is that every live streaming broadcast is similar, missing some meaningful things like knowledge or positive thoughts. Thus, in the future development of live commerce, adding a bit of intellectual polish while selling goods properly can make live streaming more meaningful. In other words, the core of live streaming in the future should switch from how many products are sold to how the products are sold.

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