

# ***A Study on the Strategy of Chinese Video Software Live E-commerce Playing the Celebrity Effect***

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**Abstract:** After the boom period of live e-commerce, many anchors have encountered unprecedented development bottlenecks. Many of them tried but failed to use various innovative forms and methods to promote further sales. This has led some of them to reminisce about the traditional methods of utilizing celebrity effects to increase sales. Whether or not this traditional way of publicizing can be revitalized in new situations has become a question that media professionals are widely concerned about and are actively exploring. This research is intended to study the strategy of rational use of celebrity effect in the current stage of the development of live e-commerce in the Chinese market, which may become the key to break the situation at this stage. The findings show that celebrity effect can play a big role in breaking through the development bottleneck of today's live e-commerce, in which middle-aged female celebrities are the most suitable candidates. In addition, digital celebrities as an emerging element in live e-commerce may also bring new growth points.

**Keywords:** live e-commerce, celebrity effect, digital celebrity, brand image

## **1. Introduction**

China's live-streaming e-commerce has experienced an impressive growth journey and has achieved remarkable successes since 2019. The emergence of the prototype of live-streaming e-commerce can be traced back to 2014. In that year, some platforms began trying to insert product sales in live broadcasts. However, due to the limitations of live broadcasting technology, the professionalism of the anchor and the lack of working experience of the operation planners, this kind of live broadcasting sales did not bring these platforms considerable revenue. Apart from that, the discomfort of the user's consumption habits has also posed a huge problem for the initial exploration of e-commerce bandwagons.

The Internet celebrity economy was born in 2016, which means that Internet celebrities may accumulate a large number of fans on social media, and then promote their own products relying on the power of a large fan base [1]. As time evolves into 2019, e-commerce live streaming has seen a golden period of development. A series of excellent anchors emerged, such as Weiya, Li Jiaqi, Xiao Yangge etc. With their charming looks, ample professional knowledge and abundant experience in the relevant fields, they have promptly gained a great deal of popularity on several live broadcasting platforms such as Douyin (Tik Tok), Kuaishou, and Xiaohongshu. Due to the high exposure of the Internet, they have successfully reached out to millions or even tens of millions of viewers every

single day. Through the sharing of professional knowledge, they quickly gained the recognition and trust of these people and gained the opportunity of subsequently marketing products for them.

Then, the brand and the anchor team went through a rigorous two-way selection process. The brand strives to find those anchors who match their brand ethos, have high exposure on air and uniquely memorable. The anchor team also worked hard to select cost-effective and high-quality products for their viewers. This new mode of sales, called “Live-streaming e-commerce”, has brought three-way benefits to live teams, brands and live platforms until now. At the same time, it energizes consumption and creates a new possibility for people’s consumer behavior.

The huge profits gained by the anchors and their teams let people see the dividends of living industry development and have plunged into it, which has given rise to the booming of the self-media industry. The influx of a large number of competitors has contributed to increasing competition within the industry. Live streaming teams have adopted new live streaming modes, such as talent showcases, vegetarian trials and celebrity recommendations to increase exposure, attention and fan reliance. These innovative moves since 2021 have stimulated the rapid advancement of making live e-commerce in a short span of time. However, it has also made it come to a developmental bottleneck soon.

Due to the increase in the number of innovative and uniquely appealing self-publishing accounts, the initial big anchors encountered the problem of being diverted. They find it increasingly difficult to expand their fan base or even experience a loss of fans. At the same time, it has become increasingly difficult to generate breakout content on the Internet due to limitations in innovation and increased audience demands. Therefore, at this stage of development, it is necessary to re-explore the code of traffic, grasp the new needs of consumers, explore new development paths, and find the direction of innovation.

In order to identify a breakthrough for the dilemma that live e-commerce is facing today, this study intends to study one of the most widely used breakthroughs - the use of celebrity effect to increase the heat. As a result, it can be said that a full study of the consumer preferences and consumption psychology of this part of the consumer group will be a key step in breaking the dilemma of live-streaming e-commerce.

## 2. Literature Review

Due to the compelling economic dividends of the live e-commerce industry, a number of scholars have already launched theoretical studies on its development. One study conducted in February 2022 based on the Taobao Live e-commerce platform found that consumers’ purchase intentions are mainly influenced by two dimensions: perceived value and perceived risk [2]. Another related finding confirms the critical role of constructing high perceived value in stimulating consumer spending behavior. This study also identified the application of the celebrity effect in favor of constructing a higher perceived value for the goods to be sold [3]. From the above two studies, we can clearly see the critical role of constructing high perceived product value in promoting live e-commerce sales as well as the positive impact of celebrities on the value construction process.

This brings us to the role of celebrities in the traditional product sales model. According to a questionnaire survey and data analysis on the purchase motivation of Erigo products, it is evident that credible celebrity endorsements have a great impact on consumer attitudes towards the brand [4]. The results of the study revealed that celebrity endorsement is conducive to enhancing consumers’ perception of the brand image and increasing their loyalty to the brand. As a result, consumers are more likely to show repurchase behavior and thus bring in a stable portion of consumers for the brand’s products. Apart from that, another study about the marketing strategy of luxury brands also explicitly suggests that celebrity endorsement plays a great role in enhancing fans’ desire to buy and triggering their consumption impulse because of people’s tendency of imitating the idol and the herd

mentality [5]. As can be summarized from these two surveys, celebrity endorsements play a role in triggering consumer behavior in two main ways: reinforcing premium brand image and stimulating consumer herd mentality.

In the particular case of webcasting, where there is a lack of transparency and trust, it could be assumed that celebrities will play a significant role [6]. At the same time, whether the bottleneck experienced by many e-commerce anchors can be broken by playing the role of celebrities is also a question worth exploring. Perhaps the answer to this question is the key to breaking the dilemma faced by live e-commerce.

In addition, another fact that cannot be ignored is that China's celebrities' involvement in illegal activities such as drug use and prostitution has been frequently exposed recently. As a result, many brands have suffered a huge blow and a drop in sales, including many top international brands such as Parada, Louis Vuitton and Gucci [7]. This has also led brands to rethink the role of celebrities in promoting sales and brand image in China today. Whether they still have a positive role to play and whether their role can outweigh the risks they pose when something bad breaks. There are also some brands that are looking for alternative forms of this promotional method to capitalize on the recent huge advances in artificial intelligence. Many cartoon IPs have now amassed a large fan base on the Internet and are beginning to take on business related to endorsements, co-branding and product promotion [8]. It is also worthwhile to pay attention what changes and opportunities this new type of celebrity will bring to live e-commerce.

Moreover, some studies have mentioned that the role of celebrities is not evident in the field of daily necessities. A study based on SUMSUNG cell phones mentioned that celebrity endorsements did not have a significant effect on their sales. Based on the established data of Taobao live streaming platform, another research team revealed that the consumption motivation of live streaming e-commerce varies from different product genres. Also, demographic factors showed great correlation with the outcome [9]. In short, the role of celebrities varies from product to product and from consumer to consumer. Therefore, it is essential to control the variables in order to make the results of the study accurate.

Although there are many scholars in this field, few scholars have studied the strategy of playing the celebrity effect in China's live video software e-commerce, including the selection of celebrities for different products and the effective ways of introducing celebrities to participate in publicity [10]. This topic is important for marketers to choose the right celebrities and ways to promote their products at a lower cost and with better results. At the same time, it is also important for some prominent web celebrities who have already encountered a bottleneck in their development, as it may help them find a way to break through their difficulties [11].

This paper will explore strategies to enable celebrities to play an active role in live e-commerce based on the observation of 200 recent live broadcasts at different time periods and a questionnaire to 60 consumers. In order to make my research more precise and relevant in the coming period, I plan to focus on the group of Generation Z and study the role of celebrities in live e-commerce to and for this group. As the most frequent users of the Internet and the leaders of social fashion, it can be ensured that their consumer behavior is representative and important to guide the innovative development of live e-commerce in the coming period.

### 3. Methodology

The authors observed 200 live broadcasts of different types of anchors over the last year and compared different types of live rooms at the same time. This study also took a questionnaire to randomly select 60 live-streaming audiences of different ages as convenience samples and asked about their perceptions of celebrity endorsements, personal feelings, and perceptions of those around them. In

addition, they were also questioned about their attitude towards the emerging digital celebrities. The collected data was analyzed by SPSS and used as supporting data for the exposition.

#### 4. Results

Result 1: The main role of the celebrity effect for live e-commerce is to increase exposure, not conversion. For example, many of Jia Nailiang's afternoon broadcasts have invited celebrity guests, but the conversion rate is not as high as Jia Nailiang's own solo broadcasts. However, it is worth noting that the exposures are all substantially higher than the live broadcasts alone.

Result 2: Middle-aged celebrities generally have a greater impact on consumer purchasing behavior than young celebrities, especially to some care products. For example, in the same live broadcast, the joining of Zhang Bozhi is a much higher boost to consumption than Yang Chaoyue.

Result 3: In the long run, it is wiser to choose female celebrities than male celebrities. For example, actresses such as Tang Wei and Liu Yifei have a long-term and stable influence on brand image. However, male celebrities such as Wu Yifan, Li Yifeng, and Cai Xukun have all hurt product sales due to their inappropriate behavior.

Result 4: Emerging digital celebrities are well accepted among Generation Z and are also good for boosting consumption. For example, the famous digital anchor Tao Qi Ding Dang makes use of its own deep learning and big data analysis capabilities to personalize product and program recommendations for consumers in live broadcasts, which not only improves the convenience of viewers' purchasing decisions but also enhances consumer satisfaction with the shopping process.

#### 5. Discussion

Result 1: The main role of the celebrity effect for live e-commerce is to increase exposure, not conversion.

It's true that celebrities joining can bring in a lot of fans, but that does not mean they'll buy the products in the live stream. Whether this extra exposure can be turned into extra conversions depends on many factors.

First of all, this celebrity's verbal and interactive skills play a big role in the outcome. A celebrity with a sense of humor and a knack for using provocative language is usually a huge boost to volume. Conversely, a quieter celebrity who just sits and nods has little impact on volume.

On top of that, the type of anchor in the original broadcast room also had a big impact on the results. Those anchors who have a lot of followers on their own sometimes do not experience a significant boost in sales when they invite other celebrities to join them in their live room. Because the exposure and credibility of the original anchor due to his own fame is enough to attract the consumer group of the relevant products and induce their consumption behavior.

Finally, live sales are largely influenced by the selection of merchandise and the strength of the campaign. If the anchor can choose quality merchandise and sell it to consumers at a discounted price, this will give a huge impetus to live-streaming consumption, far greater than the influence of celebrities.

Through the above analysis, choosing expressive celebrities is the only way to generate a greater boost in live sales. The influence of celebrities has a huge impact on those anchors who have a relatively low level of popularity and self-followers. Selecting quality merchandise and seeking greater discounts for consumers is more effective than inviting celebrities.

Result 2: Middle-aged celebrities generally have a greater impact on consumer purchasing behavior than young celebrities, especially to some care products.

Middle-aged celebrities are perceived to be more experienced in life as opposed to younger celebrities, which leads to consumers having greater trust in middle-aged celebrities and being more

inclined to buy the products they recommend. This effect is particularly evident in some care products such as health care supplements and skin care products. The selection of these products relies on a wealth of life experience and usage. Recognizing the life experience and effectiveness of middle-aged celebrities, consumers are more likely to buy the products they recommend when they believe the celebrities have actually used them.

Therefore, it is wiser to choose a classic middle-aged star of high character to participate in the broadcast than a popular young star.

Result 3: In the long run, it is wiser to choose female celebrities than male celebrities.

In the observation, male and female celebrities do not present a significant difference for promoting live sales due to gender. However, choosing male celebrity recommendations carries more risk than female celebrities. In the past three years, the number of male celebrities who have been exposed to negative press has been much higher than the number of women. Exposure of a celebrity's bad behavior can have a long-term negative impact on a brand's image and seriously affect product sales. Therefore, choosing female celebrities is safer and has almost the same marketing effect.

Result 4: Emerging digital celebrities are well accepted and are also good for boosting consumption.

With the advancement of artificial intelligence technology, digital people are being used in e-commerce banding. There are many advantages to this kind of digital celebrity, including their low price and the fact that they can go live for long periods of time without taking breaks. More importantly, they don't run the risk of being passed over for negative press as mentioned above. Besides that, with their unique data analytics and learning capabilities, they interact with their viewers and recommend personalized products and services based on their preferences. This additional feature gives consumers a unique shopping experience and also generates significant sales for live streaming.

## 6. Conclusion

The right use of celebrity effects remains crucial in the live e-commerce space. For those anchors who don't have enough followers on their own, the addition of a celebrity will greatly increase the exposure of the live broadcast thus increasing sales. For some anchors who have a better fan base themselves, the addition of celebrities does not necessarily increase conversions in the booth. Therefore, it is important for them to choose celebrities who have strong expression and credibility. Based on past experience, middle-aged celebrities generally have more credibility and are more likely to achieve better results than younger celebrities. In addition to this, it is safer to choose a female celebrity than a male celebrity, taking into account the long-term impact of the celebrity on the brand and product and the offenses committed by the celebrity in the past three years. Finally, emerging digital celebrities are proving to have high market acceptance and consumer satisfaction, which can be considered a promising sales strategy.

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