

# Research on Profitability analysis and optimization strategy under the economic business model of Internet celebrity

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**Abstract.** As Covid-19 occurs, thousands of physical stores go bankrupt while the online economy shows an upward profit trend. The online economy is becoming more and more popular these years. We use some secondary data to find out the most common problems about online celebrities and online shopping. The data mainly discuss the online shopping pattern, how online stars profit, and some issues that we ignore online. The secondary data online helps us find the target of our research and shows the common topic that professors are interested in. Since we usually shop online and people around us like to be influenced by online celebrities. For example, their words and things they recommend, to some extent their deed affect lots of people. Then the information that we find out the target customer of the online economy is the college students who may have some unwise shopping habit, which pushes the online economy to develop further. These consumers, online celebrities, and the government set up a reasonable way of purchasing and regulating themselves. Online celebrities' behavior can be better. This paper tells online stars ways to change their shopping pattern. Be honest, and recommend products they used before selling. The government needs to educate customers to buy things they need not being attracted by online celebrities' words. Government can send people to work online to manage online celebrities' behavior and tell customers authentic products. To make the online platform or the online shopping environment clean and safe.

**Keywords:** Online celebrity, Business model, Continuous development, Strategies

## 1. Introduction

### 1.1 Research Background

The online influencers making profit online, by converting money on commerce and their advertisement that consumers buying goods [1]. Online economy includes MCN company worked as core factor of the advertisement agent, online influencer and online influencer's company. Then they give reference to the third party to spread information online. Then netizens glance and take action to this online store set by online celebrities. [2] As Covid-19 occurs, the benefit of physical stores decreases, while online profit does not influence by this external factor. Today, internet celebrity is becoming an evitable part of people's lives, citizens buy online influencer's product instead of some physical stores. The data from 2015 said that the percentage of online influencer making profit is 85%. [3] In the society, online economy plays an important role in contributing the GDP and local people's expenditure.

### 1.2 Literature review

First, Li and Gu proposed that Key Opinion Leader has great influence to motivate people to purchase something and netizen will flow them. This article is specific on Taobao about online selling things and problems in current. Last is they talked about some advises about online direct broadcast development. Second, Zhu found the "the new economy about online celebrity", how it is exists and develop. Then tells the most common is to find the circle that you are concentrated. Each of these

circles are totally different. Their knowledge and appreciation of beauty are diverse. Third, the article tells us the background of online direct seeding platform, the first one was established in 2005.[4]Now online direct seeding shows the advantage of online celebrity's language skills and help selling agricultural goods. Last, she advises that this phenomenon should be regulate. Fourth, Sun proposed the current stage of "direct seeding and e-commerce", 560million users online and join direct seeding. There are some characteristics about online e-commerce. Last these are plenty of ways to deal with problems and how should government do to supervise them. Fifth, Wu's article related to online economic, especially some famous online celebrities, like reasons why online celebrities make profit and their own imagination about their outstanding work.

Most scholars study the common business model of the Internet celebrity economy, the development process of the contemporary Internet celebrity phenomenon, and the social impact and future development trend. They believe that Internet celebrities can be roughly divided into three categories: fashion Internet celebrities, content Internet celebrities, and anchor Internet celebrities. The business logic behind it can be summarized as follows: Internet celebrities first become (key opinion leaders) KOL based on the output of social networks and their own content, and then deepen (user-generated content) UGC or transform it into (professionally produced content) PGC to enhance the viscosity and identity of fans, so as to influence the behavior or decision of fans to realize cash

Network economy now is also regarded as a social phenomenon, namely web celebrity economy is representative of the young and beautiful vogue of man-made, dominated by the sensation of taste and eye, to choose and visual promotion, on social media gathered popularity, relying on the huge fan power, targeted marketing and purchasing power of the fan can be converted to a process. With the development of Internet information, Internet celebrities and their corresponding economy have gained more attention in the socialist capital market. Among these hot topics, few scholars have studied other topics, such as the current weaknesses of the Internet celebrity economy, as well as the opportunities and threats it faces. Among these hot topics, few scholars have studied other topics, such as the current weaknesses of the Internet celebrity economy, as well as the opportunities and threats it faces. Its weakness is that the content released by some Internet celebrities does not conform to the healthy social development atmosphere and the changing characteristics of fans. However, to some extent, the development of Internet celebrities has created a large number of jobs, providing more people in the society with employment opportunities in operation, planning and sales, especially providing support for the entrepreneurial development of college students. The main threat they face is that the economy of Internet celebrities is difficult to sustain development.

### 1.3 Research Framework

In this article, we will first make a basic introduction, then we will mention method and results, then discussion and a brief conclusion, then there will be an abstract in the fourth step, and finally members of the group will complete the reference part alone.

## 2. Method

In the research, we mainly choose the method of querying second-hand data. First, we consulted a large amount of network information about the network background and got the target group and group demand of the network economy. After a preliminary understanding of the crisis and advantages faced by the network economy, a concrete analysis was made and a case study was completed. Meanwhile, we have inquired about the data of various aspects of the network economy in recent years (such as industry reports), such as the growth of the enterprise's TikTok in recent years. Finally, combined with the background of the network economy, we get the core research problems.

Before writing the solution, we still use the method of second-hand materials to understand the internal operation mode of the network economy. Analyze cases in areas we haven't touched.

Secondly, combined with the internal and external personnel structure of multiple network economic systems, the solution is compiled.

### **3. Result**

#### **3.1 Development status and future trend of online celebrity economy**

##### **3.1.1 The development status of the Internet celebrity economy**

###### **(1) Industry scale**

In 2018, the number of Internet celebrities with more than 100,000 fans continued to grow, up 51% from last year, and the number of top Internet celebrities with more than 1 million fans increased by 23%. By 2018, the scale of domestic pan-entertainment live broadcast market reached 45.32 billion yuan, up 63.6% year-on-year [5].

###### **(2) Investment and financing**

According to the statistics table of major investment cases in the field of Internet celebrity economy in 2016, investment institutions invested about 20 Internet celebrities on some live streaming platforms, with the amount ranging from 10 million to hundreds of millions of yuan [5].

##### **3.1.2 The future trend of the Internet celebrity economy**

###### **(1) Internet celebrity economic market space**

With a year-on-year growth of 25.4%, the market size of pan-entertainment live streaming is expected to reach 112.09 billion yuan in 2020[6].

###### **(2) Industry chain Trend**

The industrial chain of the Internet celebrity economy is gradually stable, the business model is gradually clear, the industrial division of labor is clear, and the upstream and downstream cooperation is closer.

###### **(3) Occupational characteristics and trends of Internet celebrities**

The Internet celebrity industry is gradually developing towards professionalism. There will be more and more professional Internet celebrities, and the focus area of Internet celebrities is becoming more and more vertical.

###### **(4) Net red output content attribute and form trend**

There will be more and more informative, interesting, interactive and creative content. Content will be presented in more forms of rich media, short video and audio will be more and more, with the commercial launch of 5G in 2019, the field is expected to see a new explosion of growth. Internet celebrities began to pay attention to the persistence of users, more consideration of user experience, fan retention rate.

#### **3.2 Behavioral characteristics of consumers in the Internet celebrity economy**

Most of the main consumers of the modern Internet celebrity economy are their fans, who are far more likely to convert into customers than strangers. Moreover, the loyalty of fans is high, and the repeat purchase rate is far higher than other stores. The main consumers of China's online celebrity economy are college students. According to the 2018 Insight report on the Economic Development of China's Internet celebrities, the field of Internet celebrities became diversified in 2018, and the number of Internet celebrities' fans became younger. According to statistics, people born in the 1980s account for 55 percent of Weibo celebrities, while those born in the 1990s account for 32 percent. Compared with 2017, the education level of Internet celebrities has improved, with 63 percent of them college students, making them an indispensable part of the group [7]. Compared with office workers, college students have more flexible time and energy, and their higher educational level enables them to provide more valuable and thoughtful content than traditional Internet celebrities.

### **3.3 Analysis for the behavior characteristics of consumers in Internet celebrity economy**

As said, college students are the main group who have the greatest purchasing power online. They have the freest time. Compared with older people, youngsters especially college students prefer to buy things and watch videos online. It might include online compulsive buying, like they cannot stop purchasing things that seems attractive to them. In some direct broadcasting room, the online celebrity shout or explaining how this product is useful and evitable for each people. These people willing to repeat buying things. Because of their online loyalty. Moreover, the stickiness of the users is strong, the online celebrity and their fans are matched well [8]. College students are easy to be affected by their emotion and sometimes their consumptions are not reasonable. In addition, college students compare unreliably, that's why they are the main consumer of online economy [9].

### **3.4 Marketing problems that we need to solve and optimize**

As the online economy developing in an eye-catching speed, there are several problems along with it. First, some online celebrities they do not even use the product, and they tell consumers that the product has great quality. That related with the person's honesty. Second, the customer service might be terrible. A large number of online celebrities they fail to manage their online store and don't care about their customer's attitude toward the product [10]. Third, the way of promoting sale of certain product, online celebrities fail to explain the product in detail and without efficiency, customers might feel bored and be sick of them. Fourth, the online celebrity cannot match with the brand which need them to sell certain product. For example, an online celebrity which is being famous of her skills of put-on makeup, but the company want her to sell some washing machine [10].

### **3.5 The reason why these problems occur**

Since sometimes their selling is disposable, sometimes when they finish selling these products, they leave the market or they get enough money, and take a long break. Moreover, the education standard of online celebrity is really low. They only care about money and lack of sense of social responsibility. That's why they cannot interpret things thoroughly, consumers might don't know whether the product is useful or not [11]. For consumers, they should set up a reasonable purchasing mind. So that they are less easy to be led by online celebrities. Not that easy to trust their words and buy things that they do not need. They should purchase things until they fully understand what this product is used, whether the quality of the thing they like, and price is reasonable. Whether the person is rich or poor, they should have a correct understanding of purchasing things. For online celebrities, they must make sure their products have good quality and worth buying them. They need to have the awareness about customers' satisfaction and complain. Online celebrities must spread the right and political correct things to their fans. Last, some related department with e-commerce have to take action to regulate online environment and online celebrities. They should put their eye on these direct broadcasting rooms. They have the power to manage and supervise the behavior of online celebrities. For example, manager the brand of online celebrities and whether they are fit with the brand they cooperated. Their mind are clear and may find out that this online celebrity is aiming to gain money and their products might have bad quality. The standard of being an online celebrity need to goes up and their honesty and conscience are the most important tone [11].

## **4. Discussion**

As mentioned above, in the era of rapid development of network economy, there will also be many problems, so that products cannot be effectively publicized through the existing model. I will propose solutions to the problems from three aspects: the network media environment, the team behind the network celebrities, and the network celebrities themselves. Improve the sustainable development of the network economy.

#### **4.1 Standardizing network economy from the general environment**

In terms of the network media environment, that is, the first problem mentioned above, network celebrities often hide the real use feelings of some products. Only spread the good side of the product to consumers and cover up the bad feeling of use. False publicity of products will lead to poor stickiness of customers to some online celebrities, that is, if this problem continues to develop, it will lead to the gradual weakening of the development model of network economy, because customers gradually distrust online celebrities, and their stickiness will decline. Therefore, if we want to solve this problem, the most direct and useful thing is to start with the general environment and rectify this bad ethos and bad sales means. The state and the platform should supervise the network celebrities. Because the network economy is the product of the new era, many regulations and laws are not fully perfect. To ensure the sustainable and orderly development of the network economy, we must rectify the bad atmosphere by compulsory means to ensure that the information sent by the network celebrities is true and reliable. Avoid some moral violations in the environment of the network economy. Avoid the crisis of trust in the network economy. Secondly, the network economy is still in the stage of expansion, so network security is also a problem, and information protection is not sufficient. The information confidentiality ability of the webcast platform is not enough, resulting in the disclosure of the personal information of network celebrities and users. It will also reduce online celebrities' dissatisfaction with the platform and customers' distrust of the platform.

#### **4.2 Rectification of team operation behind network celebrities**

From the team behind online celebrities. As mentioned above, in the case of a mismatch between products and online celebrities, if you want to make the network economic development data better and make more profits, you must match the online popularity with the product positioning, so that customers can trust more and consume more. The second problem mentioned above is that the way to promote products makes customers feel wordy and boring. Therefore, when writing product scripts, they should be modified repeatedly to ensure the quality of videos. These two points need to be fully prepared before sending out the video and live to broadcast. The quality of the video itself cannot be reduced because of the number of products promoted. The video production mode of an assembly line is lacking promotion and innovation. If this continues, the business model of the network economy will not advance and retreat. Therefore, these two points should be checked by the team behind the network celebrities, to make the network economy move towards benign competition and make the business model of network economy sustainable development. And the behind of the scenes team should keep the data transparent. Only by maintaining real and transparent data among customers, product leaders, and network celebrities can we achieve a better sales model. Finally, the network celebrity team should find ways to expand the consumer population. Now the people who use the network economy most are young women, which leads to the insufficient popularity of the network economy, and many middle-aged and elderly people and men will use less. Therefore, the team behind the network celebrity should seize all opportunities to develop the market. With the development of the network or logistics industry, the participation of middle-aged and elderly people in the network economy. The degree will also improve, which is another direction that can make the sustainable development of network economy.

#### **4.3 Improve the ability of online celebrities**

To the hype, the content released by contemporary Internet celebrities will be too vulgar. What is more exaggerated is that they will deliberately make some eye-catching video content for the sake of popularity. In addition to the control of countries and platforms proposed in the first solution, Internet Celebrities themselves should also review and rectify their content and abide by the premise of network global safety and health, Personalize and innovate the video content. Under the network economy mode, customers' tastes change very quickly. Therefore, only continuous innovation and personalization of the content can attract customers' continuous love. If an Internet celebrity does not have his own unique and personalized style and content, it is difficult to attract the attention of mass

consumers and expand his fan base. Secondly, online celebrities, must improve their literacy, respect the network economy model, and the platform should control their age. Only by improving their business quality can they survive longer under the business model of the network economy. Only under the premise of good values of network celebrities, will there be no vicious competition and low professionalism in the network economy.

## 5. Conclusion

### 5.1 Conclusion of findings

Therefore, with the gradual growth of the network economy, the sustainable development of the network economy deserves our attention. Therefore, when facing a series of problems, we solve the problems from three main subjects participating in the network economy: the network environment, the team behind the network celebrities, and the network celebrities themselves. To improve the system of network economy, make it stronger and can continue to develop and expand.

### 5.2 Research significance

Of course, the network economy is now in a development stage and a new product of the Internet, so it still faces some imperfect problems. If it is not solved in time, it will go downhill and even be replaced. Therefore, we rectify the most fundamental core of the network economy from the three most basic aspects, so that the network economy can develop continuously.

### 5.3 Limitations

The research method in this paper has some limitations. For example, the data used are mainly secondary data found on the Internet, and primary data is not used. In addition, according to the survey data, the group targeted by the Internet celebrity economy is mainly college students, which is too small to be consistent with the fact because in real life, the main consumer groups around us are not only college students. In the future, we can make more use of primary data, for example, to do some surveys and statistics on people around us. We also need to find more information on the topic of the group of consumers targeted by the Internet celebrity economy or summarize some conclusions by ourselves through constant observation and experience in daily life.

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