

# Research on the Existing Problems and Marketing Strategies of Chinese Traditional Costume in the Way of Live-streaming

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**Abstract.** Chinese Traditional costume is a special garment industry that has become popular recently. Although it has been regarded as an industry with great potential to expand and develop, problems in the marketing process - especially when related to e-commerce and live-streaming advertisement - are blocking the way for this industry to step toward success. Live-streaming is a newly developed but popular marketing method, creating channels and selling stuff online with real-time product promotion. Chinese traditional costume is highly valuable for the nation's culture and economy, so it is essential to identify the potential problems and discover solutions individually, thus summarizing the most suitable approach to expand the market through online live-streaming. Due to the limitation of primary sources, this study mainly focuses on the case study and literature research analysis, supporting existing data in this field. The results reveal the current circumstance of the whole industry, and the customer behavior, hence discovering the ineffectiveness of its current live-streaming strategy. Furthermore, this study utilizes the "Ansoff matrix" concept to compare the four approaches for this industry to discover new growth opportunities and evaluate the advantages and disadvantages of the respective approaches. This result provides clear instructions about the methods of marketing through live-streaming for this industry at the current stage. It thus may be helpful for the business within the industry to revise the new approach.

**Keywords:** Existing Problems; Marketing Strategies; Chinese Traditional Costume; Live-streaming.

## 1. Introduction

### 1.1 Research background

This study will focus on the marketing of Chinese Traditional costumes, specifically the Hanfu, through social media and Live-streaming, both in the circumstance that Hanfu makers collaborate with influencers or do the marketing themselves. The following sections will analyze the current situation within this industry, identify the potential problems of the marketing strategy most merchants use, and suggest several solutions to solve the problem and improve the effectiveness of marketing.

Chinese traditional costumes are those inherited from generations in the past thousands of years. In recent years, Hanfu, a typical cultural costume for ethnic Han in China, has become popular among the younger generations. According to the research from iiMedia, Hanfu enthusiasts in China increased from 3.56 million to over 6 million from 2019 to 2020. In 2019, the total sales revenue of all Hanfu makers was estimated to be 645 million dollars [1]. The popularity of traditional Chinese costumes is continually increasing among teenagers.

Although this industry is expanding in a seemingly optimistic way, the customer bases of Chinese Traditional costumes are limited to the young generations, especially those who are still students and have low purchasing power [2]. Several Hanfu outlets tried live-streaming on mainstream social media, such as Tik-Tok and Taobao. They also actively create posts on social media, striving to improve user engagement and discussion to expand the customer base. Unfortunately, these strategies proved ineffective in attracting new audiences other than the existing ones. As a result, discovering existing problems and improving current strategies are important for developing this industry. The value of this research not only increases the sales revenue and further development of the Chinese traditional costume industry but also has a meaningful impact on sharing Chinese culture.

## 1.2 Literature review

There are very few studies regarding the live streaming of traditional Chinese costumes, but the past research on social media marketing also analyzes the current situation of this industry.

In the study of Cao Xinyue in 2020, with the topic of the broadcast feature of Hanfu on Tik-Tok, Cao suggests three main features for this marketing strategy and lists the benefits taken by each of those features for Chinese traditional costume marketing on Tik-Tok. First, social media contains a wide range of viewers who are the potential audience of the posts of those traditional costume sellers and separates users into three groups: celebrities or influencers, video makers who mimic the content generated by influencers, and the viewers. TikTok provides a platform for different groups of people to communicate with each other and easily find people with similar interests, which encourages the discussion and user-generated content of traditional Chinese costumes. On the other hand, most of the videos on TikTok are less than a minute, which reduces the time recognition of viewers and enables them to get in touch with more content. In the end, the decentralization of the content means that the platform will distribute content to reach viewers based on their previous view history. This will also create opportunities for people to start their own “business” on TikTok and match those with the same interests together [3].

In addition to the convenience of online marketing, Yan Qingru also demonstrates this marketing strategy’s problem. Yan used the primary resource of the interview with strangers on the street who wear Hanfu and determined that most people are willing to wear the traditional Chinese costume because of its beauty, but not because of its history and culture. Although this problem seems irrelevant to the promotion of Hanfu, this circumstance means that people may not effectively share the products with others. Because when people wear it treat these clothes as their normal garments, they’ll lose the intention to discuss with others; the current situation is that the volume of people accepting those clothes is far less than expected. In this case, the customer of traditional Chinese costumes will be stuck in a fixed amount and won’t receive a groundbreaking improvement [4].

Besides, covid-19 is an external factor beyond the control of a single business, so it should also be considered. Yang, Luo, and Yao’s study discovered the influence of covid-19 on people’s intention to be involved in the Hanfu festival or activities. Yang and his colleagues used questionnaires as the primary data source collected from Hanfu consumers and then distributed those people by gender, age, income, and education. In the next step, the researchers analyzed data by SmartPLS3. They concluded covid-19 itself might not directly influence the tendency for people to purchase the traditional Chinese costume, which provides an important piece of evidence that enables this study to exclude the consideration of covid-19 on product sales [5].

## 1.3 Research gap

The majority of scholars have analyzed these businesses’ marketing strategies to expand the sales of traditional Chinese costumes by generating content on social media. Indeed, utilizing short videos or social media posts is the major marketing strategy for most companies in this industry, but something beyond that can be improved. Thus, in contrast, this study will develop another marketing strategy through social media: live-streaming. Some businesses have already tried this method to boost sales, but there were rare studies demonstrating this method’s effectiveness and space for improvement.

## 1.4 Research framework

This study will first list the methodology used to analyze and support the arguments. The methods are mainly secondary data due to the limitation of data analysis and samples required for surveys, including case studies, literature research, and potential open data accounts online. Second, this study will evaluate this industry’s current situation, identify potential associated problems, and further consider the causes of these problems. In the end, the study will suggest several solutions that might effectively solve those problems.

## 2. Methods

Due to the limited open-access data regarding the sentiment and volume of user engagement in the online activities of those businesses using social media, this study will mainly use secondary resources to support the arguments and demonstrate the evaluation.

### 2.1 Case study

The case study is both primary and secondary research, which refers to an approach to analyzing and evaluating the contents to a great depth and multiple aspects in its real-world context or events [6]. This study will utilize the real-world event in China on Jul 24, 2021, when a famous Chinese influencer on social media called Li Jiaqi created live streaming for the marketing of Hanfu. Moreover, several well-known Chinese businesses in the traditional costume industry sell their garments during the live-streaming. This event is a typical example of using live-streaming as a marketing strategy to expand sales, which can be used to identify the advantages and disadvantages and enable the study to demonstrate potential improvements for this marketing strategy.

### 2.2 Literature research analysis

Literature research is secondary research that mainly views past articles, journals, websites, or studies, summarizes the arguments and evidence from these sources, and presents it in this study to support the points suggested [7]. This study hopes to discuss the problem that many Chinese traditional costume business fails to expand their customer volume through live-streaming; literature research provides evidence and knowledge essential to discover the causes and to give suggestions for this problem. More specific, some websites may show the existing data about what is the estimation of the current sales and customers for this industry, and by comparing this kind of data from past to current days, the study will be able to demonstrate the effect of the current strategy and the factors that weaken this effect.

## 3. Results

### 3.1 Industry's current circumstance

This section will analyze the current situation within the Chinese traditional garments industry, including the current marketing strategy of the business and the evaluation of those. This industry is becoming popular in recent years, mainly shown by the increasing audience and viewers, as well as those who make the costumes. For instance, the followers of online websites, including han-fu.com and hanfuzixun, exceeded 1 million in 2020; the global Hanfu community increased by 46% in two years; and there are 129 offline outlets and 815 online stores that sell traditional Chinese costumes in 2018, which is even higher in 2022 [8]. This data shows the popularity of traditional Chinese costumes in current Chinese society and reveals that most businesses in this industry rely on e-commerce. In other words, they operate online. Previously, businesses created online accounts to interact with their customers directly. Still, now some of the well-known brands in this industry attempted to try live-streaming to boost sales. A typical example is an assembly of traditional Chinese costumes each year called “Guo Feng Da Shang”, and this study will focus on that of 2021. Famous Chinese internet influencer Li Jiaqi joined this exhibition and sold Hanfu through his live-streaming channel; data shows that the total value of products sold in this event is over 45 million yuan, which is an extremely high output.

However, this sales volume occurred when these businesses collaborated with China's most famous influencer. Live streaming is increasingly popular in today's China. Many influencers post short videos online to accumulate popularity and advertise products through their live-streaming channel. Social media such as Tik-Tok enables viewers to purchase the products directly from the live-streaming, further encouraging this industry. Nevertheless, those businesses that mainly sell Hanfu are usually on a small scale, with low retained profits, so it can be costly for them to collaborate

with the influencer over a long period. Additionally, traditional Chinese costume itself is a “slow fashion”, a concept that refers to producing clothes by hand make and “with trendless designs and premium, long-lasting quality” [9]. As a result, the supply may be lower than the demand for this product if the live-streaming greatly increases customer volumes and causes problems such as conflicts between suppliers and customers.

### 3.2 Customer behavior

In addition to the current situation of the industry and the marketing strategy of business for traditional Chinese costumes, this section will also evaluate the customer behavior for this product.

First, most of the audience or customers of traditional Chinese garments are teenagers between the ages of 16 and 24. According to iMedia Research, over 75% of Hanfu consumers are teenagers under 24 [10]. Most people at this age haven't gained economic freedom, and most are still students. This data implies that the consumers of Hanfu have limited purchasing power to purchase the products, but there are still exceptions that may purchase the products greatly. Besides, the data also states that 33% of consumers purchase Hanfu 3-5 times in half a year; 28.3% purchase 1-2 times per year; 9.1% purchase multiple times within a month [10]. On the one hand, this data shows that most consumers are unwilling to buy lots of traditional Chinese clothing. The reason might include the inconvenience of wearing these garments and the high price. On the other hand, since the sales volume of traditional Chinese costumes isn't high, it indirectly shows that the customer is centralized in this industry, meaning that a small group of customers is repetitively buying the products.

This finding leads to the central problem caused by customer behavior: the current marketing strategy didn't effectively expand the consumer base. However, it may increase the popularity and the viewers of these traditional costumes. If the industry hopes to expand further, it is important to consider whether the new marketing method, in this study, live-streaming, can touch new audiences with purchasing intentions.

### 3.3 Marketing problem

As section 3.1 mentioned, the main problem regarding the live-streaming of traditional Chinese costumes is that it is both ineffective and money-consuming for the business to do live streaming in the long term.

On the feature of this product itself, the business may need to spend a lot on designing new cloth and making the existing ones, and most of these clothes have very detailed decorations that may require a hand-make skill. In this circumstance, producing the product on a large scale is unrealistic. When businesses do live-streaming, they must prepare enough stocks to support the groundbreaking demand brought by live-streaming. So, if the business wishes to use live-streaming as its main strategy, they need a constant supply of large-scale clothing, which is extremely challenging for this type of garment.

On the other hand, the data from the customer behavior section shows that less than 10% of the customer is willing to purchase the product several times per month, so it might also be unsuitable for business to implement live-streaming at a high frequency.

To summarize the problem, most businesses in this industry live-streaming alone, but the number of viewers is low. In order to sell the product more effectively, businesses in the garment industry usually tend to implement live-streaming with well-known influencers at a high frequency, which is a method that is challenging for the Chinese traditional costume industry.

## 4. Discussion

As the previous paragraph mentioned, the challenges of live-streaming for the Chinese traditional costume industry are caused by the nature of these products and the customer behaviors within the industry. This problem may bring several effects on the industry and negatively impact the long-term

expansion of the Chinese traditional costume industry. The following sub-sections give rise to some potential solutions to solve this problem.

#### 4.1 Effects

This problem brings serious long-term and short-term effects to the whole industry. In the short term, the current live-streaming marketing strategy for well-known brands may improve the viewers to some extent. However, those viewers may not necessarily purchase the product, so the customer basis is still limited and small compared to other garment industries. This means that the cost input of those brands into the marketing cannot bring equal benefits to the business and isn't effective. While for most brands that are usually owned by individuals or partnerships and have low popularity, the live-streaming may not be attractive or bring attention from the audience, which is harmful to those brands when their retained profits are extremely low.

Furthermore, in the long run, the potential harmfulness may be extended in the production period of the business. As mentioned above, most businesses lose through the current live-streaming strategy. If this item becomes a long-term cost for the business, it may lead to serious issues such as bankruptcy. Meanwhile, the harmfulness of the strategy outweighs the extra profits taken to the business. Thus, it is unsuitable for the business to continue, especially when it didn't expand the customer base in a large skill.

Ansoff matrix is a method for the business to consider the growth opportunities, including market penetration, product development, market development, and diversification. The following paragraphs will discover the opportunity for the Chinese Traditional garments industry to grow further with the respective approaches. Additionally, diversification involves designing new products and promoting them in a new market, which is highly risky, expensive, and unsuitable for the Chinese traditional costume industry so the following paragraphs may exclude this strand.

#### 4.2 Market penetration

Market penetration increases existing products' sales in the market [11]. In other words, the business doesn't need to innovate a new product or attract new customers but to improve the loyalty of existing customers or audiences to expand sales. In the current situation of this industry, it is hard to attract a wide customer base largely, so this approach simplifies the workload for the business. The business may create interactive content with their audience during the live-streaming, which is achievable for the channels with fewer viewers. Through deeper communication between the business and the customers, these buyers may rely on and be more loyal to the brand. In this situation, the business may still expand its sales to those existing customers since they are willing to spend money to support the business they like. However, this approach isn't effective in improving the sales revenue greatly, meaning that there's a limit because the loyal customers are hard to increase. Since the existing products have high production costs, it is also hard for the business to reduce the price of current products, and thus may fail to attract consumers further. So, the market penetration approach can be taken only when the live-streaming can create such interactive contents to improve customer loyalty.

#### 4.3 Market development

Market development focus on selling an existing product to a new market [11]. If successful, this approach can bring a sharp increase in the sales of the product. A method is to select suitable celebrities and invite them to live stream. Instead of finding expensive actors or singers to collaborate with, the Chinese Traditional garment companies may invite those online celebrities, for instance, the coser who always wears such clothes or those online singers with a constant follower base. The advantage is that these people have followers that will support the products that these people collaborated with. The business doesn't need to spend as much money as it requires to invite those offline celebrities. Besides, the business may also outsource the marketing of their products to the influencers who do the live-streaming professionally. Chinese live-streaming influencers, such as Li

Jiaqi, all have a significant amount of viewers in a frequent period. Despite the extra costs to pay for those influencers, the live-streaming of those people can increase the sales revenue to a great extent, even though the new customers may only purchase for a single time.

#### 4.4 Product development

Product development refers to developing new products but promoting them in the existing customer bases or markets. The current Chinese traditional costume production features are both time and money-consuming. Many of those clothes include handmade crafts or special designs that need to be sewed by humans. As a result, the high cost of production results in a small amount of final product, low speed of production, and the high price of these garments. Product development infers that the business should try to change the form of such costumes, which can keep the cultural elements but improve production efficiency. This approach expands sales by lowering the price and attracting more customers. In fact, a group of people will watch the live-streaming but don't purchase due to the high price. So, if the product development leads to a more acceptable price level for the customers, the business may still be benefited from the live streaming.

### 5. Conclusion

Overall, this study focuses on the problems and solutions when Chinese traditional costume companies use live-streaming to promote their products. The study identified a series of reasons that lead to the ineffectiveness of live-streaming advertising in this industry: the product's characteristics that contain high cost and time consumed, and the customer behavior that limits the customer bases for such an industry. Based on this question, several solutions regarding a different approach in Ansoff Matrix have been posted, including market penetration, market development, and product development. Overall, both market development and product development have similar impacts on expanding the customer bases and sales but differ in focus. Market development regards the live-streaming itself to collaborate with well-known influencers; product development requires the business to change the manufacturing process and the product's pricing. Besides, market penetration is the easiest method to improve the status on a small scale. Considering those different approaches allows the industry to think and revise the marketing strategy since this is a problem faced by almost all the businesses within the industry. Past examples such as the live-streaming of Li Jiaqi can also be a typical reference for the business to be discovered. Suppose the problems of marketing with live-streaming are solved, and follows the popularity of e-commerce and live-streaming in the current world. In that case, the Chinese traditional costume industry has the potential to expand in a significantly wide range.

Additionally, limitations still occurred during this study. First, this study is based on secondary data, such as case study analysis, instead of primary data. Although the secondary data source is credible, the study still lacks the most direct and realistic content from the target audiences. Future studies may interview the customers, or create a survey that discovers the audience's age and region distribution, thus improving the marketing strategy in a more targeted way.

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