

Research on Optimization of Live Streaming Marketing Strategy from the Perspective of Internet Celebrity Economy

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Abstract. Benefiting from the rapid development of short video and live streaming platforms, live streaming marketing has become a new form of online shopping, and in a few years, it has developed into one of the most attractive monetizing modes in the current Internet industry, making many influencers, celebrities and even the self-employed devote themselves to it in order to earn high returns. Based on the Internet celebrity economy, this paper analyzes the current development of live streaming marketing and the reasons for its rise, and proposes corresponding optimization strategies targeted at the existing problems, hoping to promote the sustainable and healthy development of live streaming marketing online.

Key words: live streaming; live streaming marketing; Internet celebrity economy.

1. Introduction

Live streaming marketing is an emerging form of e-commerce in which stars and influencers recommend and sell products in the form of live streaming to realize the “combination of quality and efficiency”. With the comprehensive popularization of smart phones and the continuous improvement of Internet technology, consumers’ demand and love for shopping online with shorter time and more choices are increasing. Since the emergence of entertainment software such as Douyin and Kuaishou in 2016, live-streaming e-commerce with influencer effect as the main body began to appear and maintained a high growth trend. At the beginning of 2020, the real economy has been hit like never before due to the impact of COVID-19, while online shopping has become the most important way of shopping in people’s life for its particularities of its transaction mode. Meanwhile, live streaming marketing also ushers in explosive growth, and the role of hosts has expanded from the previous influencers to stars, enterprises and store assistants. However, along with the continuous expansion of live streaming marketing, many problems come one after another. How to stand out in live streaming is a question that many influencers and enterprises need to think about.

2. The present situation and mode of live streaming marketing

Statistics show that in 2019, the total amount of live streaming transactions in China reached 416.8 billion yuan in 2019, more than 200 times that of 2017, with an annual growth rate of up to 200%, and the annual growth rate was as high as 200%. In 2020, the live streaming marketing industry is exploding in 2020. The total value of live streaming transactions in the first half of 2020 reached 456.1 billion yuan, surpassing the total value of the whole year of 2019. On account of the continuous integration of short video platforms, e-commerce platforms and various brands, the live streaming marketing market will still enjoy high growth in the next few years. Nevertheless, as a result of the exponential growth of the number of brands and hosts, there is a big gap between in both traffic and transaction volume.

Live streaming marketing can be roughly divided into two modes. The first is live streaming marketing based on “influencers”, which mainly relies on the high popularity of influencers to drive audience consumption. The influencers generally recommend consumers middle-level and emerging brands, bringing excellent publicity effect to the brand, and meanwhile, they will also charge the brand a hefty commission. The second is the “product-oriented” live streaming marketing, which is generally carried out in the official live rooms of brands, mainly the large well-known brands. Such brands don’t have to worry about product awareness or pay commissions to hosts. But the

disadvantage of this mode is that the transaction volume is determined by the real demand of consumers, and it is difficult to stimulate impulsive consumption like the influencer marketing.

3. Reasons for the rise of live streaming marketing

3.1 Diverse content and strong monetizing ability

The biggest advantage of live streaming marketing is that it can meet the needs of consumers in various ways. Compared with the monotonous text and picture introduction of traditional online shopping, the vivid real-time explanation and multi-angle display of products by hosts let consumers not only understand the attributes of the product from the visual and auditory dimensions, but also have the pleasure of shopping on the spot. In the live streaming, hosts can answer consumers' questions in real time and interact with them through bullet-screen comments. This two-way, multi-level interactive mode can better stimulate consumers' shopping enthusiasm, thus producing consumption behavior. In essence, live streaming with influencers or stars as selling points is to satisfy consumers' psychological needs through the emotional resonance between consumers and their favorite characters, so as to promote the monetizing of Internet traffic.

3.2 The diversification and pan-entertainment of carriers

In order to win more traffic, brands and hosts continue to innovate the form and content of live streaming. In terms of live streaming scenes, they transfer live streaming scenes from the traditional offline streaming rooms to the production workshops, which indirectly reflects the high quality of products. The live streaming rooms for processed products are often located in the origin of raw materials, highlighting their high quality. In order to attract popularity, some brands often carry out content creative-oriented live streaming marketing, such as singing, dancing and performing other talent shows in the process of live streaming to attract popularity. Furthermore, sitcoms are often staged in the live streaming room, where hosts, from the standpoint of consumers, demand more preferential treatment from the brand and argue with their assistants. These sitcoms, while full of bugs, have attracted a lot of traffic, leaving some consumers trapped. Nowadays, the live streaming watched by consumers is not only a regular marketing form to introduce commodities, but more a stage show combining various entertainment elements with ornamental features. The form of live streaming marketing is also developing in the direction of diversification and entertainment.

3.3 Low threshold and high leverage income

Live streaming marketing can attract a large number of brands and users to participate, which is inseparable from its characteristics of low threshold and high leverage income. Compared with offline physical stores that need to pay a lot of rent and transportation costs, live streaming marketing only needs to pay the site cost and a small number of staff costs, saving a lot of operating expenses. And there are no barriers to live streaming, just a mobile phone. The high multiple leverage returns make live streaming marketing the only choice for enterprises and hosts. Most importantly, live streaming marketing also gives emerging brands a showcase. In the past, it was hard for emerging brands to compete with big brands for consumers traffic as they must have stores in a busy mall or spend a lot of money on advertising. Nowadays, more people can see these high-quality but unknown brands through live streaming marketing, which not only promotes the development of many small brands, but also makes big brands have a sense of crisis, so that they can invest more in product update and optimization, eventually promoting the healthy competition in the industry market.

4. Problems existing in live streaming marketing

Although the live streaming marketing market has witnessed explosive growth and live streaming marketing businesses have seen geometric growth, the Matthew Effect of head hosts is very obvious,

and the defects of live streaming marketing have gradually emerged as relevant laws and regulations have not been perfected.

4.1 The content is single, and it is difficult to form a stable stickiness with audiences

Vulgar content and lack of stickiness with consumers are common problems faced by most hosts and brands. Consumers' choices are becoming more diverse and personalized. Only high-quality, interesting and personalized content can draw consumers' attention. The only way to maintain the traffic is to continuously innovate the content and do a good job in livestreaming planning. At present, to attract traffic, most new and unknown hosts produce large amounts of vulgar and unsophisticated content at low cost. Although these contents in the short term will contribute to the monetizing of Internet Traffic, in the long run, they will inevitably cause consumers' aversion and aesthetic fatigue, eventually leading to a significant decline in transaction volume, and labeling themselves and products they market as "vulgar", which will have a negative impact on the sustainability of their subsequent marketing. For brands with high quality products as the selling point, the key is to create high quality products. At present, emerging product brands spend a lot of money on inviting influencer and creating vulgar contents, while ignoring product optimization and after-sales service. Undoubtedly, this approach only focuses on the immediate interests, and naturally goes against the establishment of stable stickiness with consumers.

4.2 Lack of supervision leads to frequent infringements of consumers' legitimate rights and interests

Live streaming marketing, as a new trend in the Internet industry, has attracted the attention of a large number of stars and self-employed people, among whom there are many people with low quality and vague legal consciousness who become hosts and are exposed by the media for their behaviors of cheating consumers. The problem of fake and inferior products is a big difficulty that cannot be solved both in the traditional shopping mode, but also in the live streaming marketing mode. In order to obtain sales, hosts often exaggerate the value of products, convey false commodity information to consumers, and even raise the price of products in virtue of their own influence. Some live streaming parties even mislead consumers by forging relevant information such as trading volume and popularity of the live streaming room. In addition, in the process of live streaming, they often create an atmosphere of product scarcity by sending out false information such as inventory shortage to stimulate consumers' desire to buy. When consumers find out that they have bought fake and shoddy goods, the hosts often pass the buck by saying that they are "unaware" and refuse to pay. Due to the integration of the live streaming platform, hosts and the brand in the sales via live streaming marketing, and the shirking of responsibility among the stakeholders, it is difficult to determine the main responsibility in the process of legal rights protection, which makes it difficult to realize the legitimate rights protection of consumers. This is largely due to regulatory difficulties. For the regulatory authorities, it is not easy to carry out comprehensive management of network live streaming due to the numerous hosts and commodities.

4.3 Matthew effect is serious, and the industry ecology is in a state of sub-health

The Matthew effect describes a phenomenon in which the strong get stronger and the weak get weaker in a given field. According to relevant reports, there is a significant Matthew effect among hosts of live streaming marketing, and there is a huge difference between waist hosts and head hosts in the average number of viewers and the turnover. Among live streaming rooms on Taobao, the top 25% of live streaming rooms account for 80% of sales of the platform. With the help of their own traffic, head hosts gain advantages in the negotiation with live streaming platforms and merchants, and thus they can sell the same commodities at lower prices and get more commission than waist hosts. Besides, in order to achieve long-term interests, the head hosts are more willing to spend time and energy to ensure the after-sales service. As a result, consumers are more willing to buy goods from the live streaming room of the head hosts. With their huge traffic and strong marketing ability, head hosts are more referred by most new brands than waist hosts. The result is a sub-health ecosystem with

extremely uneven development of weak risk resistance. Maintaining such ecology for a long time will not only affect the fair competition among enterprises, but also hinder the efficiency of economic operation, becoming a “stumbling block” for the development of live streaming marketing industry.

5. Optimization strategies of live streaming marketing

5.1 Improve the quality of live streaming in multiple dimensions with focus on strengthening core competitiveness

“Content” and “product” are the most important for increasing traffic conversion. The live streaming parties need to improve the quality of live streaming in multiple dimensions and establish a stable bond with consumers. Before conducting live streaming, live streaming parties should understand the needs of current consumers, so as to achieve precision marketing. Hosts can choose products by studying current consumer trends. In addition, in the serious homogenization of commodities today, looking for products that are both personal and practical is also a compulsory course for hosts. Data shows that 60% of users choose to watch live streaming mainly because of the content. Therefore, innovation in content and form of live streaming is essential, which, however, does not mean that hosts and businesses should rely on producing vulgar content to attract consumers. Content design is required to be related to the image of hosts and products, and should be equipped with positive energy and other factors, so that consumers can feel the responsibility of hosts and brands. In the process of live streaming, hosts should introduce the advantages and disadvantages of each product in detail, and answer consumers’ questions timely and patiently, so that consumers can feel their enthusiasm and serious working attitude. After the live streaming, the live streaming party shall analyze the transaction amount and other data related to the live streaming and timely adjust the content of the next live streaming. In the marketing mode with “products” as the selling point, such as the official live streaming room of the brands, the focus should be more on the research and development and optimization of products. It is more important to let consumers identify with their products than to attract traffic through content creation. With characteristics and core competitiveness, the product will naturally produce a word-of-mouth effect through consumers, which will bring the enterprise good publicity, and also naturally enhance the stickiness between consumers and the brand.

5.2 Improve relevant laws and regulations and regulatory mechanisms

A fair and stable market environment is indispensable for the sustainable development of live streaming marketing industry. In addition to the need for live streaming parties to continue to improve their business level, the establishment of a full-chain regulatory mechanism is also a top priority. To improve the current live streaming marketing environment, we need to start from the source. On the premise of not discouraging the enthusiasm of the market, the threshold of the hosts engaged in online marketing should be raised, such as the issuance of the qualification certificate of live streaming marketing. In addition, to solve the problem that it is difficult to clarify the main responsibility, in view of the diversity of hosts’ roles in the sales chain, supervision agencies can clearly require hosts and businesses to sign an agreement specifying their scope of responsibility before live streaming, and educate consumers about the law and inform them of the ways to safeguard their rights. Laws and regulations should also further regulate behaviors that infringe on consumers’ rights in the process of live streaming, such as click farming, manipulation of the comments, and maliciously misleading consumers. Live streaming platforms should also work with regulatory agencies to jointly maintain the fair order of the market, monitor the behaviors of merchants and hosts in real time, and immediately warn live streaming rooms that infringe on consumers, and give timely feedback to regulatory agencies. What’s more, the platform should establish a management system for the credit evaluation of merchants and hosts, and reward hosts who are honest and responsible while punish those who are not. In order to enable consumers to better exercise their rights, the platform should keep the video data of live streaming and the personal information registered by hosts and business, so as to facilitate the future legal rights protection of consumers.

5.3 Strengthen the construction of industrial chain and reduce costs

The biggest difference between head and waist hosts lies in team operation. A good live streaming requires hosts to select the best from a large number of commodities and communicate with suppliers to introduce the source of goods, design and plan the content of live streaming, and sign a commission agreement with the platform to obtain the traffic of the platform. But most hosts have neither the full range of capabilities nor the energy. Moreover, the transaction quantity and amount of a single host are not high, so it is naturally impossible for them to obtain the low wholesale price from the supplier. And the live streaming platform will also extract a large amount of service fees for them. Therefore, a large number of hosts choose to sign up for MCN organizations. With a large number of anchors, MCN organizations will have a huge flow and transaction potential, which enables them to purchase low-price commodities by wholesale from merchants through their strong bargaining power, and at the same time, they are responsible for planning the streaming content of anchors. Although most of the transaction amount reached by hosts should be returned to the suppliers, and the commission they get should be shared with MCNs and the live streaming platform, the content planning and diversion supported by the MCNs bring hosts stable income. Suppliers, MCNs, hosts, platforms each perform their own duties, forming a stable industrial chain. Therefore, a healthy ecological environment is essential for the sustainable development of the live streaming marketing industry. Strengthening the division of labor construction of the industrial chain can not only save costs, but also prevent the malicious monopoly of the capital side, ultimately promoting the continuous development of the industry.

6. Conclusion

In the economic marketing optimization strategy of online celebrity, we should strengthen the core competitiveness and improve the live broadcast quality in multiple dimensions. Improve relevant laws and regulations, improve the supervision mechanism, strengthen the construction of industrial chain, and reduce costs.

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