

Analysis and countermeasure research based on the business model of live streaming

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Abstract: Because of the pandemic, live streaming has become a part of our life and contributed many new works like anchor. Therefore, live streaming is a significant topic in our life. Pandemic makes people disconnected, but live streaming makes people around the World together. This article cites some case studies to show the power of live streaming and some problems that need to be improved for a safer live streaming platform. Citing the scandal of Adidas and HM, netizens work together to boycott them in their live streaming platform. The power of live streaming provides a place for netizens who have the same purposes of gathering. Every coin has two sides. Live streaming causes bad outcomes as well. Many young generations are addicted to watching live streaming that is about sex. Much worse, some anchors even induce teenagers to “reward” them. For teenagers, they are too young to distinguish right and wrong. They might regard these anchors as friends whom they can talk to and never think their friends want their money. Therefore, this article put forward some solutions from three aspects—parents, platforms, schools, and government. This article shows the bright prospect and the greatness of live streaming and the problems that need to be focused on and solved. Live streaming brings people new chances and challenges, so people need to spare no effort to improve it and maintain its long-term development.

1. Introduction

1.1 Research background

“China, as the world’s top trader, exported \$2.49 trillion in goods while it imported \$2.13 trillion in 2018” [1]. Before the Covid-19 epidemic, China’s market was mainly based on foreign trade. However, due to the epidemic outbreak, “the average market capitalization of apparel, fashion and luxury places dropped almost 40 percent between the start of January and the 24th of March 2020” [2]. The pandemic made many factories shut down, caused millions of workers to lose their jobs, and forced them to close. The year 2019 was excruciating, but it was also a year of rebirth.

A new selling model—E-commerce, explored up. In the past, the enterprises traditionally sold products, that they bought products offline stores in person then transferred the products to other cities even overseas at a higher price. However, with the astounding development of e-commerce, enterprises moved their battlefield online. They used “Taobao” and “TikTok” live streaming, selling products directly to consumers. The rise of the live streaming market has broken the traditional selling models’ restriction, which connected the customers with the source manufacturers for the first time without going through multiple batches of dealers. The price could be much lower than it was in the store. According to a newly released Market report, “China’s \$ 1.94 trillion e-commerce becomes the largest in the World. And more than 2 times that of the number two U.S market” [3].

The popularity of the e-commerce model was not an accident but a development of the trend. Most of the normal people got rich and became famous in just one night. E-commerce made many industries alive. Especially since my family’s business was the beneficiary. Many medium and small-sized clothing factories like my family have no channel to sell our goods in stock. Our factories were facing the pressure of rent, workers’ salary and other sorts of things. The appearance of DouYin, the Chinese version of TikTok, solved sales and kept many garment factories going bankrupt alive. The rise of e-

commerce has made it possible for small and medium-sized factories in China to make money, with no investment costs as long as they have a phone. Behind each Douyin account were an anchor or a factory and a whole business chain with dozens or even hundreds of employees involved. Therefore, live streaming brought us low prices caused by direct sales with source manufacturers and gave hope back to countless workers in China. Besides selling products, live streaming also played a significant role in publicizing national culture. During the day of heavy rain in Zhengzhou, many state-owned enterprises, such as Hongxing Erke, have donated 50 million yuan. Such behavior let many net friends voluntarily run to their live streaming room to order products leading all the goods out of stock. The behavior of these domestic brands has warmed the hearts of all netizens. That's why I think e-commerce live streaming makes a significant difference in our life.

1.2 Literature review

Michelle proposed that live streaming e-commerce is a rage in China. "Chinese e-commerce is projected to be 1 trillion dollars in 2020, up from \$862 billion in 2019. In 2020 over 700 million Chinese are expected to shop online vs. 600 million in 2018" [4]. Xiao and Zhao also put forward a new model of live streaming to help farmers bring up the business in a rural area by combining rural revitalization and online poverty alleviation. In addition to ordinary citizens, many government officials started to do live streaming as four students in Anhui Business college analyzed the research on the emerging cooperation mode of "Internet celebrity + government + farmers" under the mode of e-commerce helping farmers" [5]. All of these researches demonstrated a standard feature that e-commerce is rewriting our lives because live streaming enables small and medium-sized enterprises to survive and gives poor farmers a chance to get rid of poverty and become rich. Even government officials are calling involved. Most scholars researched why people could earn money by live streaming or how live streaming makes our lives different, even how to open an account on TikTok or TaoBao. However, few scholars analyzed specific cases and even tried live streaming by themselves to show us the story behind live streaming—nobody successes in one go. Live streaming is a new industry that could make huge profits. However, it is not an easy field. When we are watching live streaming, we only see one or two anchors introduce products and change different garments in front of the cameras. Every live broadcast requires complete preparation. For anchors, they need to know the products, prices, advantages, and future outcomes beforehand.

Meanwhile, anchors also need to respond to the questions on the screen at any time. In addition, the controller behind the camera needs to create an atmosphere of live broadcast at any time, such as Shouting, "The stock is running out, and the coupon will soon be finished", so that the audience can create a sense of tension which promote their desire of ordering. And customer service is also critical. Customer service needs always to answer users' questions such as size, delivery time, product performance, etc.

1.3 Research framework

This study would present specific examples to show you how live streaming can sell hundreds of thousands or even tens of millions of products in just a few hours and make a good influence on our society. This paper will also present some examples to analyze live streaming and put forward some suggestions.

2. Method

2.1 Case study

A case study is very obvious for us to see the influence of live streaming. In April, Nike, and Adidas, and HM. Nike, Adidas, and HM were facing a boycott in China because of the stand they've taken against forced labor to produce cotton in the country's western region of Xinjiang. During that time, many netizens went to their live broadcast rooms to express the boycott speech and were not willing to buy their products. Even the hostess in the live broadcast room was scolded and cried. Sina mentioned, "Adidas sales fell 16% in the second quarter, and Nike's sales halved in April, and its

quarterly results fell 15%, and H&M fell 28% in the second quarter, dropping from third to sixth place in China” [6]. Although the online boycott is not admirable behavior, netizens were very united in front of the country. In addition, during the epidemic, many live streaming rooms broadcasted the construction of Huoshenshan Hospital, which only took 10 days. This live streaming surprised the whole World and made Chinese people feel proud. Nowadays, children have started to watch live streaming since they were born. If children could see this positive live streaming at a young age, they must feel proud of being Chinese. This is how live streaming has brought value to our society.

2.2 Literature analysis method

The literature analysis method also showed us the benefit of live streaming. The story of Weiya, one of the famous anchors in China, showed us the impact of live streaming on agricultural products in poor areas. Weiya said she had conducted nearly a hundred live broadcasts to help farmers in the past two years and has guided agricultural products to complete a transaction of 560 million yuan in total. In 4 minutes, more than 10,000 cans of Guizhou Puan black tea were sold. And in 5 minutes, 30,000 copies of Gansu Lixian apple crisp and 26,000 copies of Henan Minquan mahua were sold, and so on [7]. Besides, Weiya's live broadcast is for the public, which doesn't charge any fee or even commission. And she is just one of the representatives. “Taobao live has encouraged over 100,000 farmer anchors. More than 1.2 million sellers from national-level poverty-stricken counties set up shop on Tmall, creating 3.36 million jobs” [7]. The charm of live streaming lies in that it sells products and helps many poor farmers solve the problem of food and clothing.

3. Results

3.1 Fast spread of live streaming

Live streaming is growing every day. “From 2016 to 2019, the scale of China's online live streaming market kept expanding, reaching 84.34 billion yuan in 2019. In four years, the market scale has increased by about 63.4%. It accounts for 19% of the total scale of China's online audio-visual industry. In 2020, under the influence of COVID-19, the era of live streaming came. According to preliminary estimates, the market size of live streaming e-commerce exceeds 150 billion yuan” [8]. Due to the epidemic, the number of users of live streaming in China will increase significantly in 2020. According to the 47th Statistical Report on The Development of Internet in China, the number of users of network broadcast in China reached 617 million by the end of December 2020, which increased by 220 million compared with the end of December 2018. All of these impressive numbers demonstrate that live streaming is booming at an unprecedented speed. “In 2020, the overall scale of Livestream e-commerce will exceed one trillion yuan. And it is expected to maintain a high growth trend in the next two years. With the deepening integration of content platforms and e-commerce transactions, the scale of Livestream e-commerce is expected to expand to 2 trillion yuan in 2021” [9].

Therefore, the future of live streaming is auspicious. In China, live streaming has been divided into several parts. There is live streaming of few main categories, like shopping, gaming in sports and videos, real-life and even concerts. Consumers who watch different types of live streaming have other purposes. Those who watch the live streaming about shopping may want to buy some types of products or learn about some brands. And watchers who enjoy watching the game and sports live streaming, or the live streaming concert want to have fun and relax. Also, some watchers are addicted to reality live streaming because of indulging. That is why the form of interactive content quickly stimulates impulse purchases.

3.2 Problems of live streaming

Is live streaming a hundred percent perfect? When people benefit from it, many problems are also appearing and leading to unignorable bad outcomes. Recently, in Chongqing, there was a boy whom his grandparents bring up. And his parents divorced when he was a year old. He is only 12 years old now but has spent 100,000 yuan in less than a month by the excuse of taking online classes, and unfortunately, the money was his grandparents' all-lifetime savings. However, he spent all of the funds

rewarding the anchor when watching the live game streaming. This news shocked many people. In fact, according to the statistics, for students who give money to the anchors, 52 percent are only primary schoolers, 45 percent are middle schoolers, and high school students accounted for 3 percent. The average amount of money is 68,000 yuan. It shows that the Youngers are the main customers for this market. Toddlers and teenagers do not have a job could support their finance. Which means they spend all the money from their legal guardian without their permission. Why did these teenagers deceive their parents and lose self-control? “Tipping” has initially been for communication and emotional interaction between netizens and anchors. Netizens can give different types of gifts that can be exchanged for different amounts of money, depending on the value of the gifts. To receive gifts, anchors may show their talents like dancing, singing, shouting, or other intriguing performances. But some actions they take are challenging at the edge of the illegal lines. Although the platform normally has “network cops” to maintain a clean live streaming field, that there are still plenty of anchors who are willing to risk for money all the time.

Along with the market demand, users’ satisfaction and anchors’ hardworking, “tipping” has gradually alienated into a money-making tool driven by interest. Those teenagers who indulge in “rewards” would gain a sense of vanity and achievement because the anchors would show great thankfulness at that time when they receive a high-level gift that could be worth hundreds or thousands of yuan. As long as teenagers experience the novelty and excitement bought by live streaming, they will be addicted to it.

Another bad effect is upon the young generation. With the development of live streaming, the demand for anchors has increased sharply. By December 2020, the number of online streaming users in China has reached 388 million, accounting for 39.2% of the total Internet users” [9]. Anchors have become a formal occupation. However, there isn’t any standard or requirement for the anchors as long as they dare to introduce the products in front of the screen. Because of the easy operations with high salaries, many young generations choose to quit their previous job and become anchors. This leads other industries to a harder time hiring workers. Much worse, many young people drop out from school to become an anchor. They think it is useless to study at school, but they could make easy money and become famous if they become an anchor. This creates a terrible atmosphere in which more anchors are underage and have a low-level education like high school or elementary school. Even if they make money when they become an anchor, anchors as full-time jobs have many unstable elements. For example, they can’t guarantee every day’s income because it depends on the variable situation of the live streaming. Also, becoming an anchor can’t be a long-term profession since government regulation changes all the time. It has become a well-known problem that underage teenagers become an anchor to make money. Even if the government does take actions like preventing people under 18 from doing live streaming and netizens need to have real-name authentication, many underage children use their parents’ phones or buy a fake ID online to pass the certification. The supervision of the platform is not so strong that it makes underaged teenagers use others’ IDs to log into the account. Also, most parents don’t consider this a very serious problem, so parents give their phone numbers or ID information to make kids happy.

4. Discussion

4.1 Family issue

Live streaming is an unimpeded trend, so it is hard to stop the development. However, various aspects like family, platform, school, and government can deal with corresponding problems. Family education plays a great part in defending many young children frequently “rewards” anchors. Most young children indulge in live streaming and “tip” a lot was because they want to get attention from loved anchors. Why do these teenagers want attention from a stranger? It might be because their family has a high expectation of them, so they want to find a way to release their pressure, or their parents maybe don’t care about them at all that they wish to strangers’ attention to find out the self-value. Therefore, they desire to have someone who would like to pay attention to them. In the live streaming

platform, as long as they give large amounts of gifts, they can get enough focus not only from the anchor but also from all the netizens who watch the live streaming. In China, most families are short of the consciousness to create a stress-free and relaxing childhood. To make up for mediocrity, parents force their children to learn many instruments like piano, guitar, violin, etc. Children are under great pressure and eager to find a way to release it. Parents need to spend more time communicating with their children to understand their kids better and honestly know what their kids want. For young kids, what they wish is not money but parents' company and a carefree childhood. Additionally, parents are not supposed to tell their children the credit card's password or give too much money to their kids because most teenagers have inadequate self-control.

4.2 Platforms' action

Besides parents, live streaming platforms have to strengthen their intensity of supervision and management. These platforms need to improve regulations forbidding minors from reward and standardize the form of "reward". At present, each live platform has different provisions on the minor standard. Some put forward any top-up to the minors will be deemed to have the consent of their legal guardian; some have no obvious instructions about minors. They even don't have any punishment policy when anchors stir up or induce minor spending. Therefore, it is necessary to improve the relevant regulations on the prohibition of underage reward as soon as possible and establish relevant standards of limited amount, financial return, and responsibility investigation. At the same time, the related sector needs to improve the technology to strengthen supervision. For example, face brushing and fingerprint. They are using high technology to avoid platforms from the difficulty of distinguishing children and parents. When users pay, the platform will pop up a face recognition interface for user comparison and authentication. Only when the registered user information matches the face recognition can they enter the game recharge or payment consumption. For teenagers under 18 who are paying, the information shall be sent to their parents.

What's more, platforms are also required to improve the supervision of anchors. Especially for gaming anchors, their primary income is from users' rewards. They often call on netizens to tip when they perform well in a game. And teenagers easily act on impulse. Therefore, game platforms can improve the training of anchors and take the initiative to call on teenagers to reduce tipping behavior.

4.3 School and government's strategy

Another important strategy is that schools and government should strengthen the education of self-protection and internet literacy. For schools, they can open a specific class designed to teach students how to think rationally, build law awareness, and understand network security knowledge. Besides, schools should have a weekly class meeting to tell parents how their kids' performing so that parents can know their kids' actions in different situations from time to time. As long as there is something unnormal about students, schools and parents can take immediate steps together to build an excellent environment for kids. When kids feel relaxed and comfortable, their rates to find another way to release pressure or get attention would deduct. The government should force schools to open legal education courses and guarantee that every student has the right to learn about cyber law and minors' protection. At the same time, the government must strictly supervise live streaming platforms and force every platform to issue the same rules on the protection of minors. According to the Notice on Preventing Minors from Indulging in Online Games, it is stipulated in terms of payment services: online game enterprises shall not provide payment services for users under the age of 8; For minors over 8 years old but under 16 years old, the amount of a single recharge shall not exceed 50 RMB yuan, and the accumulative amount of a monthly recharge shall not exceed 200 RMB yuan; Underage users over 16 years of age are not allowed to top up more than 100 yuan in a single time and 400 yuan in total in a month [10]. All platforms need to follow the same standards and strictly perform within government policies.

5. Conclusion

Live streaming has always accelerated development since pandemic and has become more and more excellent categories like shopping, gaming in sports and videos, real-life. Along with the development, more problems have appeared. This article talks about many teenagers deceive their parents to “tip” anchors because the more “tipping” they give, the more attention they will get from these hypocritical anchors. Also, many under-aged children drop out of school because of the attractive wage of being an anchor. This bad idea leads to that more anchors are too young and has a low-level education. However, being an anchor is not a good long-term plan because it can’t be guaranteed that anchors will always get high paid have no requirements. To address these problems, this article put forward some ideas from three ways. Family should concentrate on their kids and shouldn’t put too much pressure on their kids if they regard live streaming as a comfortable way to release stress. Also, live streaming platforms have the responsibility to supervise and manage anyone who uses their App. Especially they need to conduct specific rules for under-aged children. Moreover, schools and the government are supposed to work together to advertise the seriousness of phishing and the significance of online self-protection. And the government also needs to ask platforms to set strict rules to prevent lawbreakers from taking advantage of live streaming. This article only talks about a small part of the issues that have happened on live streaming. Live streaming is also harmful to adults and older adults. Some adults used up their money to tip the anchors, which caused him to divorce. In future studies, this article also needs more examples from different aspects to explain live streaming problems. And we can do some specific investigations to understand people's opinions and suggestions on live streaming. To make live streaming a healthy and universal orientation, everyone has the right to ensure the legitimacy of live streaming platforms.

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