

# Research on the Development Prospect of E-commerce Live Broadcast Based on SWOT Analysis

Xiaoqian Zhou\*

The University of Washington, Seattle, America

\*Corresponding author: xiaoqz6@uw.edu

**Abstract.** In the context of the epidemic, the digitalization degree of all walks of life is getting higher and higher, and mobile Internet users, livestreaming users and e-commerce users have witnessed explosive growth. Livestreaming of e-commerce is a new business mode of network culture development, and the marketing mode of "network livestreaming +" is gradually forming. As a short video blogger, the author of this paper finds that the dividend of short video has cultivated the market for live streaming e-commerce businesses. In particular, with the rapid development of the mobile Internet, the user scale of short videos has grown rapidly. Therefore, this aspect is studied. Based on the current development status of livestreaming e-commerce, this paper uses SWOT analysis method to describe the development prospects of livestreaming e-commerce and try to put forward countermeasures and suggestions. The method of the second part of the article is based on SWOT analysis. Through a series of analysis, this paper comes to the conclusion that e-commerce live broadcasting has infinite development potential in the future. Although e-commerce live broadcasting still has many shortcomings, people have been optimizing these weaknesses step by step.

**Keywords:** live streaming shopping, e-commerce, consumers' purchase intention, SWOT analytical method.

## 1. Introduction

### 1.1 Research background

According to the latest report "2021 Global Cross-border B2C E-commerce", cross-border online shopping in 2020 is more favored by consumers than local online retail due to a wide variety of products and relatively cheaper prices. Despite the outbreak of COVID-19, cross-border e-commerce has maintained rapid growth. The overall value of cross-border e-commerce is expected to grow by 30 per cent between 2019 and 2026. In Italy, for example, most online shopping is cross-border, surpassing domestic shopping in 2020. Live-streaming e-commerce is a shopping method, which legally belongs to commercial advertising activities. It means that the host (seller or its employees) broadcasts live on the live-streaming platform, and provides product descriptions and information to consumers through interpersonal communication, product trials, etc. Live-streaming e-commerce is a shopping method, which legally belongs to commercial advertising activities. It means that the host (seller or its employees) broadcasts live on the live-streaming platform, and provides product descriptions and information to consumers through interpersonal communication, product trials, etc, which is a model for effective marketing by influencing consumers' willingness to buy [1]. Live shopping has quickly become the new favorite of consumers with its powerful real-time interactivity and rich user experience. However, the frequent occurrence of "rollover" incidents, including well-known anchors, not only damaged the reputation of the anchors, but also greatly reduced consumers' trust in the anchors. Academia's research on live-streaming shopping trust mainly focuses on purchase intention, and rarely studies the influencing factors of trust from the perspective of anchors, and ignores the moderating role that anchors and product factors, contextual factors, and individual consumer characteristics may play [2]. In addition, real celebrities have entered the trend, and even business and political circles have stepped into the studio to endorse brands [3]. The global market scale of e-commerce live streaming continues to extend and has tremendous development potential [4]. E-commerce live streaming is a remodeling of traditional e-commerce shopping links and effectively improves shopping efficiency. After explosive growth, the growth rate of the whole

industry has slowed down and entered a transition period of adjustment and regulation. Nevertheless, in terms of the whole e-commerce industry, live streaming e-commerce still maintains rapid growth and contains enormous potential force.

## 1.2 Research significance

Whether it is traditional e-commerce, social e-commerce, content e-commerce, or short video platforms, they are fully aware of the huge potential of live e-commerce, and invest huge resources to cultivate live e-commerce, mainly including traffic, funds, manpower, etc., to cultivate and guide user consumption habits. In addition, the practicality in live broadcasting can stimulate the audience's trading tendency and help form a trading psychological contract; Entertainment can stimulate the audience's interactive participation and help form a relationship psychological contract. The trading psychological contract generated after the transaction clarifies the attitude and behavior of the audience, which helps to form the attitude and behavior loyalty. The relationship psychological contract generated after the transaction clarifies the behavior of the audience and helps to form behavioral loyalty. Third, there is indeed a consumer psychological contract in the e-commerce live broadcast mode, and it can play a part of the intermediary role between live broadcast attributes and consumer loyalty [3].

Existing research indicates that the quality of contemporary e-commerce live streaming products is so poor that some consumers do not believe in e-commerce products. In order to strengthen consumer trust and enable e-commerce live streaming to develop better and better in the future, the chaos in the industry must be settled. Take China as an example. In January 2022, The Consumers' Association of Henan Province filed a consumer civil public interest lawsuit against Simba, Kuaishou and two other companies, compelling Simba, Kuaishou and other companies to assume the responsibility of refund for one and compensate for three and refund the sales money and fine of about 80 million yuan. Simba's fake bird's nest incident is just a microcosm of the quality problems in the streaming e-commerce industry. In December 2021, Zhejiang Consumer Protection Association released the survey results of livestreaming consumption on Taobao, Pinduoduo, Jingdong, Kuaishou and Douyin, the five mainstream e-commerce platforms, during the Period of Singles' Day in 2021. The results showed that 30% of streamers on the five platforms did not comply with national regulations for streaming. Nearly 40 percent of live streaming products do not meet applicable national standards. In January 2021, CCTV news reported that 22 batches of 113 samples from nine e-commerce live streaming platforms were found to be unqualified, with an unqualified rate of 19.5%. The unqualified rate of Dewu, ketchup and Xiaohongshu samples reached 50%, 40% and 28.6% respectively. In addition, numerous live with cargo departure from the good faith principle, formula is varied, live by phenomenon, some network anchor in order to rapidly attract a lot of fans, constantly on the edge of the law, and even show vulgar wickedly interesting content, corrupt social conduct, adverse influence on teenagers, live is not conducive to the healthy development of the electricity industry [4].

## 1.3 Research Contents and Framework

Based on the current development status of live e-commerce, this paper uses SWOT analysis method to describe the development prospects of e-commerce live broadcasting and try to propose countermeasures. The framework of this article is as follows, and the first part is an introduction, including the background and significance of the research. The second part is the methodology, which is expanded based on SWOT analysis. The third part is Results. The rest is conclusion.

## 2. Methodology

"Network broadcast + E-commerce shopping" is a marketing model initiated by e-commerce enterprise platforms to sell goods in the form of live broadcast, featuring high interactivity, entertainment, authenticity and visibility, and aiming at enhancing consumers' shopping experience

[5]. As a new marketing tool, e-commerce live broadcasting has brought new enlightenment to the marketing development in the post-epidemic era, and changes in the consumer environment have brought new challenges to explore consumer psychology and behavior. The live broadcast mode of e-commerce provides consumers with a variety of needs and experiences. Practicality and entertainment are both ways to maintain appropriate user activity and vital factors to encourage potential consumption and enhance circle loyalty [6]. Based on THE SWOT analysis method, this paper summarizes the existing research results in detail from the aspects of Strengths, Weaknesses, Opportunities and Threats.

## 2.1 Strengths

At present, live streaming e-commerce is a new stage of e-commerce performance, which is driven by the upgrade of mobile communication technology and develops rapidly. Contemporary 5G mobile communication technology can greatly improve the consumer experience of live streaming e-commerce. In early 2020, the number of users for short videos increased significantly due to the COVID-19 pandemic. Contemporary short video has greatly lowered the threshold of use, every user can use short video to show themselves. Short video and we media based on short video have significant dividends, forming a short video platform with high user stickiness and low customer acquisition cost, which has created a positive external environment for the rapid development of live streaming e-commerce. According to Data from Wind, the cost of user acquisition on various platforms in China in 2019 was 15 yuan for Kuaishou, 20 yuan for Douyin, 284 yuan for Pinduoduo, 420 yuan for Alibaba and 508 yuan for JD.com. In particular, it should be pointed out that the users of short video platforms stay for a long time and continue to rise, and they are more likely to form efficient social relations with interested Kols and others and are willing to watch the cost-effective and high-quality products brought by anchors or recommended by short videos [7]. Thirdly, the practicability of live broadcast can stimulate the audience's transaction tendency and help form the psychological contract of transaction. Entertainment can stimulate the audience's interaction and participation, which helps to form the psychological contract of the relationship. Fourth, the psychological contract generated after the transaction clarifies the attitude and behavior of the audience and helps to form the attitude and behavior loyalty. The relational psychological contract generated after the transaction clarifies the behavior of the audience and contributes to the formation of behavioral loyalty. Fifthly, consumer psychological contract does exist in the mode of e-commerce live broadcast, and it can play a partial intermediary role between the attribute of live broadcast and consumer loyalty [8].

## 2.2 Weaknesses

Traditional enterprises lack effective channels to connect with users. With the acceleration of the digitization process, the degree of digitization of all walks of life is getting higher and higher, a large proportion of users' food, clothing, housing, entertainment and shopping are carried out through the network, and the needs of users are becoming increasingly personalized and customized, which requires enterprises to provide personalized and customized services, which requires the use of big data, artificial intelligence and other new technologies to accurately profile users, and then realize the intelligent matching of products and services with users' personalized needs. At present, only a small number of Internet companies have used big data and other related technologies to establish a personal data model for each user, laying a solid foundation for their intelligent decision-making and services. But most companies don't have the capacity to do that [9]. Although the research on live streaming e-commerce in China is quite mature, the research and application of cross-border e-commerce still need to be further enriched. As the main form of synchronizing social media in different countries, cross-border live e-commerce has many advantages compared with other forms, such as real-time communication, interactivity and synchronization. Cross-border live streaming e-commerce can not only provide useful information related to products or brands, but also deliver rich and interesting content.

## 2.3 Opportunities

First of all, we can seize the opportunity of cross-border e-commerce live broadcasting. Take China as an example. While China's streaming e-commerce is in full swing, the streaming e-commerce industry is quite different in other countries. The live streaming market in the US is expected to reach \$11 billion by the end of 2021, in sharp contrast to China's 2 trillion yuan, according to Coresight. Generally speaking, Internet celebrity anchors in most countries generally do not have a sense of goods. For example, in Amazon Live, most anchors just display products, fail to effectively guide purchases and improve conversion rates with little effect. In addition, foreign social platforms and e-commerce platforms have not been effectively combined, nor have they established their own e-commerce system. Advertising revenue is still the main source of revenue, and e-commerce accounts for a relatively low proportion. Livestreaming e-commerce still has a long way to go in foreign countries, which is also an opportunity for Chinese sellers. Aliexpress will launch the global Internet celebrity Incubation plan in 2020, aiming to incubate millions of content entrepreneurs, millions of fan accounts in 100 sites, and promoters with the highest annual salary of one million DOLLARS in the next three years. In 2021, TikTok will launch the TikTok Shop function, which will be officially open for entry from 22 December. Cross-border sellers can open TikTok Shop through the official website of TikTok e-commerce cross-border business. At present, many head brands and head bloggers have gradually entered the market. This is a great opportunity for China's live streaming e-commerce providers [4].

## 2.4 Treats

Anchors are an important subject in e-commerce live broadcasting and an important link in conveying information and emotions. The information content and emotional content in the live broadcast are transmitted by the anchor to the consumer, and the consumer will have different reactions to different types of anchors, information content and emotional content. In order to achieve the purpose of obtaining customers for live broadcasting, how to effectively use the live broadcast scene to form a fan effect, and then transform it into a circle of resources, it is very important to tap the leading determinants of the formation of consumer psychological contracts. The psychological contract between the anchor and the audience is generated in the process of meeting the needs of consumers. In the study of online shopping utilitarian experience and game entertainment experience, utilitarian experience can provide customers with high-quality and inexpensive products and services to meet customer product needs; The entertainment experience stimulates the consumer's senses and on-the-spot emotions, bringing freshness and entertainment to consumers. In the study of consumers' online shopping experience adjustment and matching of shopping intentions, consumers who promote the orientation will generate subjective feelings about the product through the perception of stimulation and pleasure; Prevention-oriented consumers will improve their subjective perception of products through the perception of the economic benefits of the product to meet the safety needs of individuals. Therefore, the different live broadcast styles of anchors in online live broadcasting will affect the different psychological contracts of consumers, and the psychological contract of transactions and relationships will affect the attitudes and behaviors of consumers [3]. In addition, webcast shopping platforms and merchants should design targeted shopping scenes to display commodities, sales processes and consumer information exchange processes in an all-round and multi-angle manner, so as to fully reflect the dynamic visibility of live shopping [10].

## 3. Conclusion

In order to study the development prospects of e-commerce live broadcasting, this paper uses the SWOT analysis method and describes it in detail from four aspects. At the same time, compared with other research results, the reader can clearly feel that the content covered in this article is more comprehensive. In addition, this article describes the development of e-commerce live broadcasting in various countries. The problem time in the live broadcast industry reminds that the transformation

of this industry is necessary. The most important thing is to improve the quality of e-commerce live broadcast products. E-commerce companies can synthesize market demand information, jointly optimize product production processes, strictly select raw materials, and jointly upgrade after-sales services with manufacturers, and follow the trend of consumption upgrading to create product consumption value, thereby increasing the repurchase rate of consumers and enhancing user stickiness.

To sum up, this paper roughly predicts the future development of e-commerce live broadcasting and analyzes the advantages and disadvantages of e-commerce live broadcasting. Therefore, this paper is of great help to those who want to develop themselves through the Internet. However, the research limitation of this paper lies in that the development of the current era is beyond human imagination, so the prediction of the future cannot be completely correct. It is also possible that one day in the future, the era of e-commerce will quickly come to an end.

## References

- [1] Guo, J., Li, Y., Xu, Y., Zeng, K. How live streaming features impact consumers' purchase intention in the context of cross-border E-commerce? A research based on SOR theory [J]. *Frontiers in psychology*, 2021, 12, 767876.
- [2] Liu Y., Li Q., Yin M. Research on the Influence of Webcast Shopping Features on Consumer Buying Behavior [J]. 2020.
- [3] Chen Y., Zhang M., Yuan S., Cao B. The innovation of e-commerce live broadcasting mode, the establishment of psychological contract mechanism and the transformation of customer loyalty [J]. 2022.
- [4] Wang Y. Analysis of the current situation and development trend of live e-commerce [J]. 2022
- [5] Jin G., Lin H. Visual Analysis of Hotspots and Research Frontiers of E-commerce Live streaming in China[J]. *Chinese Commerce*, 2022, 06: 75-080.
- [6] Chen P., Yin B. Research on the Influence of E-commerce Live Broadcast on Consumers' Purchase Decision-Take Douyin live broadcast as an Example [J]. 2022
- [7] Qing C., Jin S. What Drives Consumer Purchasing Intention in Live Streaming E-Commerce? [J]. *Frontier in Psychology*. 2022.
- [8] Xu P, Cui B., Lyu B. Influence of Streamer's Social Capital on Purchase Intention in Live Streaming E-Commerce. *Frontier in Psychology*, 2022
- [9] Guo Q. The development drivers, status quo and trends of China's live e-commerce [J]. 2020.
- [10] Li Baoguo, Wang Ni. The driving effect of consumption upgrade on user stickiness under the e-commerce live broadcast mode [J]. *Business Economics Research*, 2022(14):72-74.