

Research on the Development Strategy of the Livestreaming E-commerce Industry under the Epidemic: Taking Taobao as an Example

Guanqi Jing *

Faculty of Business, Law and Politics, University of Hull, Cottingham Road, Hull, UK

* Corresponding Author Email: 20150980120@m.scnu.edu.cn

Abstract. In the epidemic of COVID-19, livestreaming commerce has become very popular. Brick-and-mortar stores in various regions of China have been greatly affected, because people can't go out to shop, so many enterprises are facing closure without sales revenue. However, there are still some problems with this new way of shopping. Taking Taobao as an example, this paper studied the development of livestreaming commerce in China under the epidemic situation from two dimensions of product quality and service. Research has found that although this approach has helped businesses stay on life support and help the economy recover. However, the poor product quality and service system still hinder the better development of this industry. In the face of the current problems, this paper analyses the causes of the two problems and proposes corresponding solutions for e-commerce platforms and anchors in view of different problems. This article is of great significance to the future development of the whole live commerce industry and e-commerce platform.

Keywords: Livestreaming commerce; Covid-19; Product quality; Service.

1. Introduction

1.1. Research Background and Motivation

The rapid development of Internet information technology and the growing maturity of e-commerce have greatly promoted the transformation of national lifestyle and production mode. As of June 2020, China's Internet penetration rate reached 67% and the number of Internet users reached 940 million, both record highs, according to the 46th Statistical report on Internet Development in China released by the China Internet Network Information Center. More people start to participate in online shopping, and the sales model of "Livestreaming Commerce" has attracted consumers' attention. Compared with the traditional model of selling goods with pictures and texts, "Livestreaming Commerce" has a closer communication with consumers. 2019 was marked as the first year of livestreaming commerce, with the outbreak of livestreaming commerce. In this year, the growth of the traditional livestreaming broadcast of reality shows and games began to slow down, and the rise of livestreaming e-commerce became a new driving force for the development of the live streaming industry. 4.5% of the total size of online shopping in 2019. Taobao livestreaming with the explosive growth of goods, three consecutive years to guide the transaction growth of more than 150%. The total turnover of livestreaming e-commerce reached 451.29 billion yuan, with a year-on-year increase of 200.4% [1]. Meanwhile, driven by the sudden outbreak of COVID-19 in 2020, "Livestreaming Commerce" once became a social trend.

With the COVID-19 pandemic, it has caused panic and anxiety in all industries of life. Brick-and-mortar stores across China have been hit hard, with many businesses facing closure without sales revenue because people can't go out and shop. At the same time, agricultural and sideline products in many areas are unsalable, and agricultural development is hindered. According to data released by the National Bureau of Statistics, the GDP in the first quarter of 2020 fell by 6.8% year on year, hitting the national economy. With the development of the epidemic approaching normality in China, all industries are actively resuming work and production. In the post-epidemic era, how to promote domestic demand in a short period of time and promote rapid economic growth has become a top priority. In this context, people pay attention to the livestreaming commerce [2]. The rise of

livestreaming commerce helped enterprises and farmers to expand sales channels and solve the problem of slow sales. Tian, associate professor at Shenyang University of Technology, said that livestreaming commerce help for rural poverty alleviation can also be interpreted as poverty alleviation through consumption. In other word, people across the country help poor areas out of poverty through consumption [3]. Livestreaming commerce effectively helped farmers solve the backlog of agricultural products caused by lagging market information, low popularity of agricultural products, and insufficient publicity. Enterprises can temporarily relieve the pressure of storage and funds through this way. However, there are still some problems in product type and quality, after-sales service and other aspects, such as product damage, and merchants have no channels to deal with customer problems.

1.2. Research Contents and Framework

This paper studied the development of livestreaming commerce in China under the epidemic situation based on Taobao's company two dimensions of product quality and service and combined with the questionnaire. This paper aims to provide feasible suggestions for the development of Taobao live streaming and the development of live streaming and the industry.

The framework of this paper is as follows: The first part introduces the background of live commerce and the development status of the epidemic. The second part introduces and analyses the existing problems. The third part is to provide feasible suggestions; the last is the conclusion.

2. Case Description

2.1. Background Description

In this special period under the COVID-19 epidemic, China's economy has been greatly impacted and a large number of enterprises have suffered a sharp decline in sales, making it difficult for them to survive in the industry. With the popularity of livestreaming, livestreaming commerce has also become a sales channel, which is a good way to help companies resume production. It is because of this that we see so many enterprises joining the camp of live streaming business. Whether it is live streaming by celebrities or individual enterprise managers, it is the theme of 2020.

Taobao platform, as one of the first platforms to try livestreaming commerce, has developed rapidly in this module in recent years. The number of merchants of Taobao's livestreaming commerce is increasing trend, the number of brand merchants is more than 50% and grows through livestreaming commerce. As of December 2020, the number of monthly broadcast merchants has nearly doubled year-on-year. In 2020, a total of 1770 lists of Taobao merchants' livestreaming broadcasting have been released, and the merchants' livestreaming broadcasting has reached a full outbreak. The Times of livestreaming broadcasting by merchants accounted for 9%, becoming the biggest cornerstone of Taobao live broadcast [4].

2.2. Current Problems

Although livestreaming commerce has developed very rapidly in recent years and is very popular among consumers, it still has some problems. First, the main problem lies in the quality of the goods. If the quality foundation is not solid, a brand building will collapse. If products want to be high-end, quality is still the key factor. Quality is the premise of its success in building brand value and image.

At the same time, the service of livestreaming commerce also has some shortcomings. Good customer service will lead to a steady stream of repeat customers, who may also recommend them to their friends through their own experiences, which will bring more customers to the broadcast. On the contrary, poor customer service can lead to the loss of not only existing customers but also potential customers. With the rise of livestreaming commerce industry, the reputation or image of famous anchors will more or less affect the customers visiting live broadcast.

3. Analyses on the problems

In order to better investigate and analyse the problems mentioned above, the author conducted a questionnaire survey on the APP named “Wenquanxing” (www.wenjuan.com) before February 20, 2022. During the survey, total 100 questionnaires were received, of which 47 men and 53 women filled out questionnaires. It is found in the questionnaire survey that 76 people have visited the livestreaming commerce, of the 76 visitors, 60 people (79%) finally chose to buy goods in the livestreaming broadcast. It seems that most people prefer to shop in the livestreaming broadcast and try this new way of shopping.

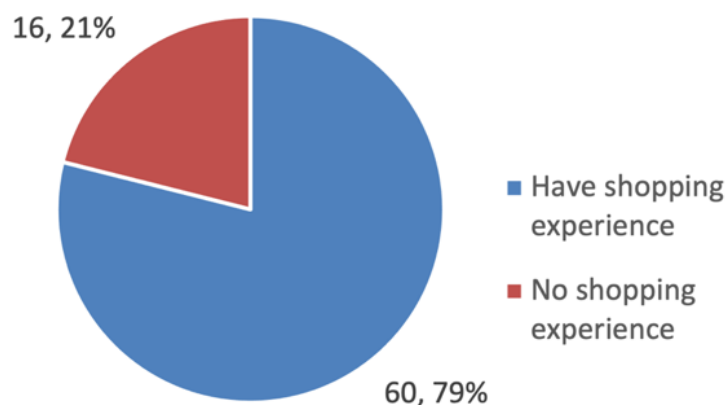


Figure 1: Proportion of respondents who have shopping experience in livestreaming broadcast.

3.1. Analysis on the Product

3.1.1 Analysis of the Common Goods Product Quality

According to the questionnaires, as shown in Figure 2, there are still 17 questionnaire participants (28%) who said that they encountered product quality problems. When asked which products had quality problems, they said that most of the categories that encountered product problems were cosmetics, skin care products and clothing. Surprisingly, Cosmetics and apparel are the first product categories that livestreaming commerce platform starts to sell on a large scale, and they are also very popular among consumers. According to the 2020 Report on livestreaming commerce Industry, fans in livestreaming broadcast are mainly interested in fast consumables and pursue more cost-effective live broadcast with goods. In general, beauty makeup and clothing have become strong categories of livestreaming commerce [5]. Livestreaming commerce has received 21,900 complaints in the first three quarters of 2020, up 479.60 percent year on year, according to the State Administration for Market Regulation [6]. Therefore, livestreaming commerce product quality issues are quite common in the industry.

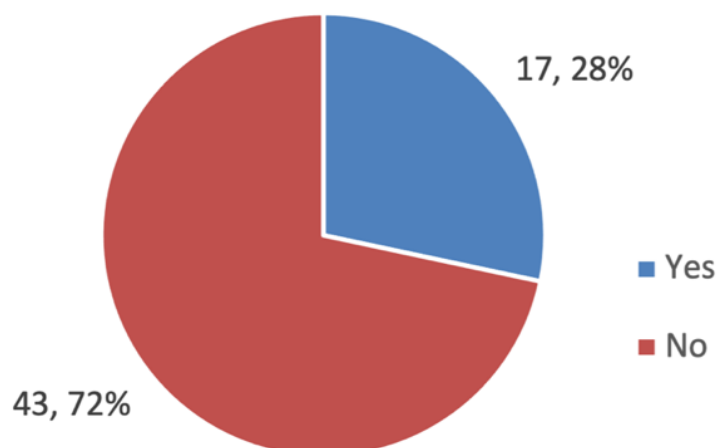


Figure 2: Proportion of livestreaming commerce product quality issues reported

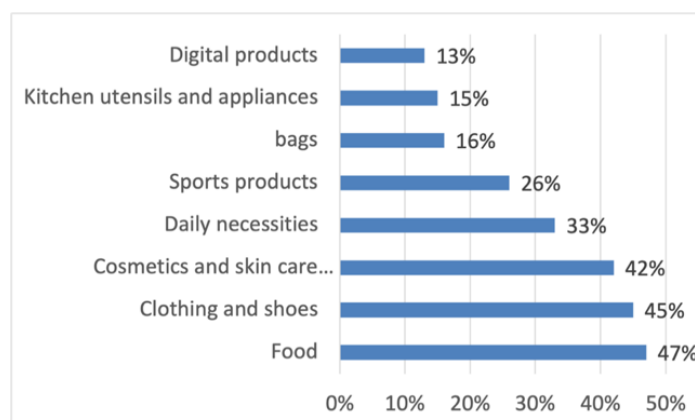


Figure 3: Livestreaming commerce consumer favourite category.

The reason why these problems occur is mainly because of the phenomenon of false propaganda, information asymmetry and opaque operation in the process of live broadcasting. The lack of supervision and low entry threshold in the industry lead to products with quality problems flowing into the market through the Internet and being sold to a large extent. Zheng, director of the Department of Law at the School of Culture Industry Management, Communication University of China, believes that the low cost of breaking laws for enterprises, the high cost of protecting consumers' rights, the difficulty of market supervision and law enforcement have not been fundamentally solved, and the lagging standards and regulations governing livestreaming commerce are all the reasons for the chaos in the industry [7].

Especially since the outbreak of COVID-19 in 2020 the survival of enterprises is facing great challenges, because there is shortage of operating income, capital chain is facing the risk of bankruptcy. The real-time and socialized consumption scene of livestreaming broadcasting directly shortens the psychological distance between the product and the user. Enterprises resume normal production activities under this circumstance. However, this has also led to a large number of enterprises in order to expand productivity and profits, resulting in substandard products.

3.1.2 Analysis of the Agricultural Goods Product Quality

Under the outbreak of COVID-19, farmers are also a group of people have been severely affected who are mainly dependent on growing and selling agricultural products. As a result of COVID-19, logistics cannot help them transport agricultural products as conveniently as before. In other words, a pandemic has blocked their path to survival. Many places in China face the problem of unsalable agricultural products. In order to realize the online sales of agricultural products, a new model of livestreaming commerce to help farmers has emerged [8].

There are still a lot of people do not choose this new method, the reason is that many customers will worry that there is no guarantee of quality, some of the rural agricultural product's quality not up to standard, such as the palate tastes bad, pesticide residues, save, does not reach the designated position and decay, thus eliminated by the market. Therefore, the quality of livestreaming commerce was one of the main issues that prevented customers from purchasing the product. This includes damage or deterioration caused by shipping. It can be seen that consumers' concerns about the quality of live-broadcast products come from two aspects: first, the quality of the agricultural products themselves is not up to standard; secondly, the logistics transportation time is too long to cause deterioration or damage. With the gradual improvement of people's living standard, the quality of products to be stricter, especially in the aspect of eating, would rather eat expensive also want to eat a good has become the consensus of most people [9].

3.2. Analysis on the Services

Although there are plenty of accolades for the new shopping approach. livestreaming commerce has had some issues with the service, Product quality problems which accounted for 8%, the product is not consistent with the descriptions in the livestreaming commerce, accounted for 22%, 19%

customer pointed service has problems, clinch a deal finally the price does not agree with the price of livestreaming commerce propaganda accounted for 24%, and 17% of people think that when buy on impulse, but was unable to return, and 10% of the respondents think there is something wrong with the Courier transportation. Therefore, this kind of shopping service does have a problem.

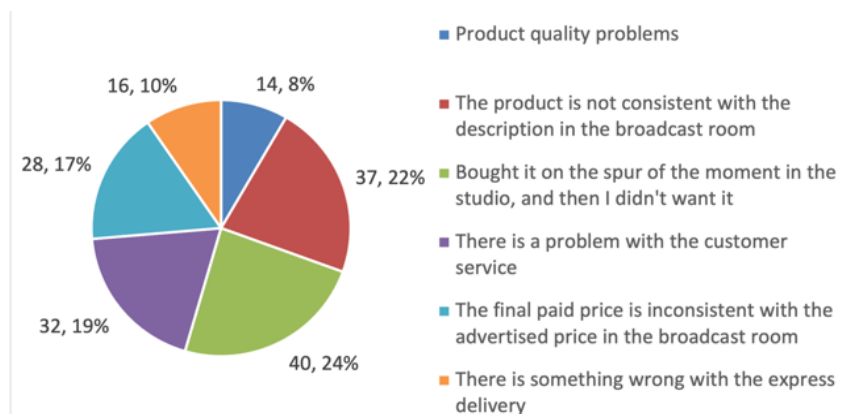


Figure 4: Classification of after-sales problems.

After the rise of livestreaming commerce, relevant departments have continuously issued relevant regulations and suggestions on product quality, livestreaming commerce process and after-sale problems. However, many livestreaming commerce streamers believe this new way is a good channel to gain profits and do not consciously abide by relevant regulations. In addition, the supervision and punishment are not strong enough, resulting in some illegal and violation of regulations or harm to consumer rights and interests of live streaming goods, not timely and effective treatment, objectively conniving at some dishonest and law-abiding live streaming goods business activities [10].

When asked about the type of livestreaming broadcasts in which after-sales problems occurred, 18% (32 people) of the respondents believed that they encountered after-sales problems in professional anchor's livestreaming broadcasts. In this question, the celebrities' livestreaming broadcast were selected by 45% of people, while the brand official livestreaming broadcast were selected by 15 people, accounting for 18%. The livestreaming broadcasts operated by the platform itself accounted for only 16 % (14 people chose). It can be seen that a large proportion of celebrities have problems in their livestreaming broadcasts. And the brand official livestreaming broadcasts and professional anchor appear the probability of the problem is much smaller. As the saying goes, 'only master his own field', livestreaming commerce is often a problem for star livestreaming broadcasts because their participation in livestreaming commerce is more about making money than focusing on the service. Professional livestreaming commerce anchors take livestreaming commerce as their career, and good product quality can accumulate a good reputation for them, so they will strictly control the product. The same is true for brands. They want to seize the new track as soon as possible, so they will sell better products in the livestreaming broadcast. Livestreaming commerce sometimes requires the anchors to have a good understanding of the product.

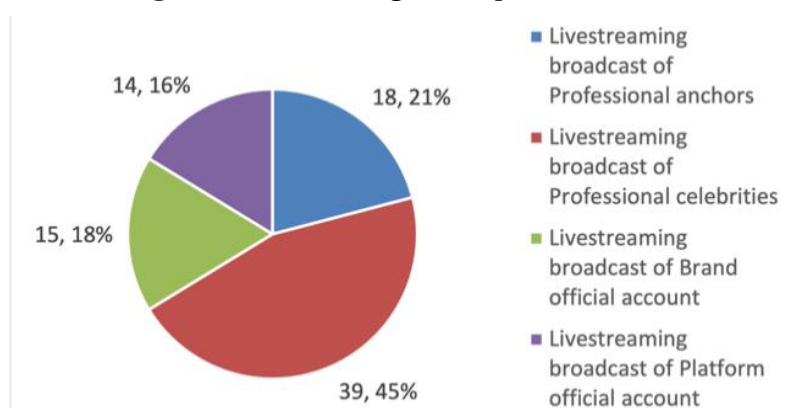


Figure 5: Source of after-sales problems.

4. Suggestions

Facing the current product quality problems, the anchors should enhance the legal awareness. the platform should also strictly control the quality of goods, it is better to establish their own set of product inspection methods. In 2021, the State Administration for Market Regulation issued the Guiding Opinions on Strengthening the Supervision of Online Live Broadcast Marketing Activities, which clarified the legal responsibilities and obligations of all parties. Taobao platform also launched a series of regulations, the anchors and suppliers must confirm the multi-dimensional information such as product qualification and take the initiative to verify the qualification of merchants. Truthfully describe to consumers to ensure that the information received by consumers is true to follow. The livestreaming platform has also issued a self-regulatory commitment to guarantee the quality of online livestreaming products, and voluntarily accepts the supervision of government departments and the society. Good product quality is also an important reason for anchors to be recognized or not. Anchors should be aware of the consequences of selling products with quality problems. If product quality problems occur frequently, anchors will lose their reputation [11].

In order to provide better services and enable customers to get better experience, platform should improve the qualification audit and platform rules of anchors and sellers, strengthen the daily management and training of anchors and merchants on the platform, smooth the channels for consumers to complain about their rights, and strengthen and improve the construction of after-sales service system. In 2020, the China Advertising Association issued the Code of Conduct for Online Broadcast Marketing Activities to strictly supervise and control the behaviour of anchors and merchants in the sales process. The Regulations stipulate the rights, obligations and responsibilities of merchants, anchors, platforms and other participants in live e-commerce activities. It defines the responsibilities of the e-commerce platform, promotes the platform to strengthen the training and management of merchants and anchors, and improves the qualification audit and platform rules and systems of anchors and sellers [12]. Strengthening the training of anchors and improving the service quality of anchors can promote the healthy development of the live broadcast commerce industry. Therefore, the platform should strengthen the management of anchors.

5. Conclusions

With the COVID-19, "livestreaming commerce", a new shopping method, is becoming more popular in China. This paper based on Taobao livestreaming commerce is taken as the research object. The development of livestreaming commerce in China under the epidemic situation was studied from two dimensions of service. The study found that while it worked well for businesses to get rid of overstocked stocks, it helped farmers to open up sales channels for their produce. But this kind of shopping way still has the product quality and service is not good two problems. In the face of the current product quality problem, this paper suggested that the anchors should improve the legal consciousness, understand the consequences of selling products with quality problems, especially the famous anchors, every move will have a strong demonstration effect, do not do false exaggeration and misleading propaganda. Platform at the same time should also be strictly control the product quality, establish a testing method is suitable for their own platform products. In order to make customers get better experience, this paper suggested that the platform should improve the qualification audit of anchors and sellers smooth the channels for consumers to defend their rights and complain, and strengthen and improve the after-sales service system.

The defect of this paper is that quantitative research is not sufficient. Specifically reflected in the insufficient number of questionnaires. Due to the huge number of consumers' livestreaming commerce in China, the 100 participants interviewed are only a very small part, and their opinions can only represent themselves, which may not represent everyone. This also creates the limitation of the small sample size. However, e-commerce livestreaming platforms and some anchors suggest paying attention to this article. Because this paper introduces the existing problems and gives the corresponding practical suggestions. In addition, this paper also cites data from official reports to

show the importance of livestreaming commerce, which deepens the understanding of platforms and anchors on the issues raised in this paper.

In the future, the author will compare some behaviours of the Chinese market with those of other countries, which can make the whole study more perfect. As the research scope of this paper is limited to China, the results and views expressed in this paper may not be applicable in other countries, and the conclusions may even be opposite, which makes the paper somewhat one-sided. In the future, the author should think more comprehensively when facing research problems and take into account as many different situations as possible.

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