

Exploring The Celebrity Effect on Live-Streaming E-Commerce: A Comprehensive SWOT Analysis of Influencer Marketing Strategies

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Abstract. In recent years, with the rapid development of the Internet and mobile technology, the landscape of business and marketing has changed dramatically, and particularly notable is the rise of live-streaming e-commerce. This new e-commerce model combines e-commerce with live video streaming to enhance the shopping experience through product display, promotion and sales by anchors. In this model, the celebrity effect, which takes advantage of celebrities' large fan bases and strong influence, plays an important role in driving consumer behaviour. This paper explores the impact of the celebrity effect on live-streaming e-commerce and analyses its strengths, weaknesses, opportunities and threats through SWOT analysis with typical case studies in China. The findings highlight the key role of celebrity endorsement in increasing consumer engagement and purchase intention, while also exploring the potential risks and challenges. The paper concludes with suggestions for optimisation and development to maximise the role of the celebrity effects in live-streaming e-commerce.

Keywords: Live-streaming E-commerce; celebrity effect; digital marketing; consumer behavior.

1. Introduction

In recent years, the landscape of business and marketing has changed dramatically with the rapid development of the Internet and mobile technology, particularly notable among these is the rise of live-streaming e-commerce. Live-streaming e-commerce is a new type of e-commerce model. It combined with e-commerce and live video broadcasting, including product display, promotion and sales. Enhancing the shopping experience by showcasing and introducing products through anchors. Since 2015, live-streaming e-commerce has grown rapidly and become an important form of e-commerce [1]. Despite differences in market size and growth rate in different regions, overall, the market size of live-streaming e-commerce is continuing to expand. Many famous e-commerce platforms, such as Taobao, Amazon, and Instagram regard live streaming as an important strategy to attract consumers and boost sales [2]. Live-streaming e-commerce has revolutionised the traditional shopping experience by offering a more interactive, engaging and personalised approach to shopping that greatly enhances consumer engagement and desire to buy.

China's live-streaming e-commerce industry has gone through a phase of rapid development and transformation and upgrading since the late 1990s. With the development and coverage of the internet, online shopping platform risen, improvements in payment technology and logistics have further boosted the popularity of LES. The live-streaming e-commerce came into being in 2016 along with the live streaming trend. Its main purpose is trying to connect the live, content and shopping, also linking with consumers directly. China's live-streaming e-commerce industry is developing towards industry chain integration, accompanied by multiple business models. Although the industry is competitive and the demand of consumer are rising, it still used by many brands. The government provides financial support and tax incentives to small and medium-sized live-streaming e-commerce to encourage innovation and development. By setting up an e-commerce industrial park, the government has created a favourable environment for innovation and entrepreneurship, attracting a large number of entrepreneurs and investments into the e-commerce sector.

The celebrity effect plays an important role in live-streaming e-commerce. Celebrities, with their large fan base and strong influence, are a powerful force in driving consumer behaviour. Their

endorsements not only add credibility to products, but also shape consumer perceptions and create a strong emotional connection between the brand and its audience. This celebrity effect is particularly powerful due to the immediacy and intimacy of live-streaming e-commerce, where celebrities can interact with viewers in real time, answering questions and demonstrating how products are used, thus creating a more personalised and compelling shopping experience. Nowadays, not only the famous actors or singers can be the celebrities, but also many youtubers can be the celebrities, which called for key opinion leaders (KOL). These people sharing their moments or videos and gain a lot of fans. Based on the number of the fans, they can also sell produces by live-streaming e-commerce. This study aims to analyze the live-streaming e-commerce, focusing on the influential role of celebrities in driving consumer behavior. The research method adopted in this study is literature analysis. By reviewing and analyzing existing literature, market reports, and case studies, this research will provide a comprehensive understanding of the celebrity effect of live-streaming e-commerce landscape.

2. The Influence of Celebrity Effect on Live-streaming E-commerce

2.1. Celebrity Effect

The celebrity effect, also known as celebrity endorsement or celebrity influence, refers to the promotion of a product or brand by a celebrity through his or her personal charisma, popularity and credibility, thus influencing the public's perception and purchasing behaviour. This effect is widely used in marketing and is commonly used in advertising and branding to increase product awareness and sales [3].

2.2. Celebrity Effect in Live-streaming E-commerce

The role of celebrities in live streaming e-commerce focuses on influencing viewers' purchasing decisions through in-person demonstrations and recommendations. Celebrities build trust and increase conversion rates through interaction [4]. Celebrities are able to quickly increase brand awareness and trust through their large fan base and public influence. Research shows that consumers are more likely to trust products recommended by celebrities they know and love [5]. In live streaming e-commerce, celebrities interact with viewers in real time, answering questions and demonstrating how to use products. The immediacy and interactivity of live streaming e-commerce allows celebrities to significantly increase consumer engagement and willingness to purchase through real-time feedback and interactions. A study by De Veirman et al. noted that celebrities can significantly increase viewers' motivation to purchase and actual purchase behaviour through humorous and entertaining interactions during live streaming [6]. Based on consumers' trust in celebrities, this series of interactions enhances consumers' trust in the brand. Consumers feel noticed and understood in the process. It is also perceived that purchasing a product recommended by a celebrity is a sign of their support for the celebrity. This series of psychological activities led consumers to reach a purchase decision.

Arousal is considered as an affective property (dimension) ranging from sleep to frantic excitement and pleasure refers to valence of the affective state [7,8]. The competition elements were found that among consumers in live streaming leads to a high arousal, which enhances impulsive buying, while beneficial and rewarding elements improve the pleasure of consumers in LSC and moderate shopping decisions [9-11].

Strategies such as instant testimonials and limited time offers from celebrities often inspire impulse purchasing behaviour. Park and Lennon showed that consumers are more likely to be emotionally driven to make an instant purchase decision in a live celebrity environment, especially when celebrities offer limited time offers and exclusive discounts [12]. In celebrities' e-commerce live streams, they describe product features in detail and enthusiastically demonstrate product effectiveness. The audience's purchase desire is stimulated by the enthusiastic atmosphere of others in the live room. At the same time, if there is spare stock, it will also respond to the audience's request

for replenishment. All these enhance the urgency for viewers to buy the products. In addition, there are some products invite celebrities to endorsement, buy the product at the same time have the opportunity to get the celebrity peripheral products. For example, when customers buy yoghurt, not only will there be a celebrity's image on the package, but also a postcard signed by the celebrity will be randomly distributed in the order. These methods are some of the most commonly used methods on the air today. Although many celebrities use the same methods of live streaming e-commerce with their products, it is clear that all of them get great results. The business model of celebrity live streaming mainly includes the following forms. By inviting celebrities as special guests can quickly increase the attention and audience participation in the live broadcast. Celebrities open their own live broadcasting rooms, directly interacting with fans and recommending products, using the influence and fan base of celebrities to increase sales. A special live broadcast of the star's cooperation with the brand, specifically promoting the brand's products and increasing brand awareness and sales through carefully planned content. In addition, there are star endorsement live broadcasts, through the signing of endorsement agreements and other forms. Celebrities in the live broadcast specifically recommend brand products, to enhance the credibility of the product. Star participation in public welfare live broadcast is also an important mode, through the live broadcast of fund-raising or publicity public welfare projects, to enhance the brand image. All these modes make full use of the influence of stars to enhance the commercial value of live broadcasting.

3. SWOT Analysis

3.1. Strength

Celebrity-influenced live-streaming e-commerce can be very profitable for brands. This has a lot to do with the popularity of the celebrity and the fan economy. Most of the fans have less contact with their favourite idols, but due to high loyalty, they are willing to spend time and money to support and promote their idols. They will do something to support their favourite celebrities through some purchases of official peripherals, endorsed products, charting, and so on. The popularity of celebrities can attract a lot of fans, while the enthusiasm and support of fans can greatly enhance brand awareness and market influence, forming strong brand loyalty. It is this mutually beneficial relationship that makes the celebrity effect so popular in this form of live-streaming e-commerce. The popularity and influence of celebrities can quickly attract a large number of viewers and increase the exposure of brands and products. Celebrities usually have a high level of trust among their fan base, and their recommendations are more likely to be accepted and adopted. There are then live broadcasts where some celebrities will also experience the products themselves, proving the efficacy of the products. Live streaming provides an opportunity for celebrities to interact with viewers in a timely manner, and celebrities can respond to questions on the pop-up screen in real time. The persuasive and interactive nature of the purchase is enhanced through various strategies and techniques. Many fans go to the celebrity's live room to purchase goods and give some financial support. In addition, a strong community is formed through social media offline activities and other means. This interaction not only enhances the fans' sense of belonging, but also expands their influence and attracts more people to buy the goods endorsed or sold by the celebrities. Fans are not only consumers of content, but also content producers in many cases, who will create a large amount of secondary content, such as some editing videos, comments and discussions, based on the goods sold by the celebrities, or some sales activities carried out by the celebrities in the live broadcasting room. This further enriches the ecology of the fan economy, expands the influence of celebrities, reaches a larger group of potential customers, and increases the sales conversion rate.

The quality of goods that can enter the celebrity live room is more guaranteed. These goods are carefully selected through hundreds of people's selection team strict customs clearance price transparency, all brands will be back adjusted, will also cooperate with the origin of the traceability, which enhances the credibility, but also in order to guarantee their reputation to do some measures. Even some of the big international brands, will choose this famous celebrity live room to cooperate,

from the official flagship shop direct delivery. These brands will also give some different offers and discounts to the celebrity live streaming room than other places, which will also attract more people to go to the celebrity live streaming room to buy. In addition, on some live streaming platforms, these live streaming rooms will also set up some benefits, such as lucky draws to win mobile phones and other activities.

In 2021, a Chinese star attracted the first consumers and merchants on the Tiktok with his personal influence accumulated from his interpretation career. 2023 set the annual Tiktok record of a single live broadcast bringing in 500 million RMB. Accumulated sales of more than RMB 1.36 billion during the Double Eleven Shopping Festival promotion. Topped the rankings of live streaming rooms with goods at the beginning of 2024. Became No. 1 in the Goodies Sales Festival on 8 March. Strong growth momentum that continued into the 18th of June shopping festival. His team runs hundreds of private domain communities dedicated to peer-to-peer solutions to consumer problems. It also cooperates with insurance companies to pay out first when there are complaints about the goods, which protects consumers' rights and interests. Not only that, in addition to these commercial sales activities, he has also carried out some public welfare activities, such as helping farmers to promote agricultural products and other products related to agricultural products to thousands of households. Through the influence of public figures, he combines live broadcasting with public welfare, rural revitalisation, and helping enterprises, in order to play a greater social value. His success cannot be separated from his quality and integrity, and more some for-consumer protection. Under such influence, the benefits of the brand are also maximised, so many brands are very willing to cooperate with such celebrities to sell their products and are also willing to give them lower prices.

3.2. Weakness

The personal image and behaviour of a celebrity can have a significant impact on a brand. If a celebrity is embroiled in negative press or controversial events, this may have a negative impact on the brand he or she is endorsing [13]. In live-streaming e-commerce this effect may be amplified, especially in the live room of some head anchors. This is not only because of the influence of the celebrities themselves, but also because of the immediacy and wide dissemination of live broadcasts. This example also comes from TikTok, a famous Chinese internet celebrity who is famous for his beauty products, who over the years has become the No.1 person in live-streaming e-commerce in China. However, during a live streaming in September 2023, he was upset when a viewer suggested that a brand's products were getting more expensive and beyond his spending level. However, instead of offering further discounts on the price of the product, he questioned the viewer who asked the question if it was due to his own lack of effort that he had not been able to reach such a level of consumption, causing a huge public uproar, with many people feeling that he was spending consumers' money but mocking them. It was because of this small problem that very few people patronised his live room anymore, and his popularity was in tatters. Many brands were willing to cooperate with him before, and even he could negotiate a very low price. However, after this incident, he not only had to pay for his negative image to pay liquidated damages to the brand, at the same time, he also lost the opportunity to cooperate with many brands.

In addition, the high cost of celebrity endorsements can increase the marketing costs of a business. Not all celebrities' e-commerce booths are very effective. Brands will lose a lot if their judgement is wrong. Despite the influence of celebrities, the actual sales effect of a product may be affected by many factors and is difficult to fully predict. Celebrity live-streaming e-commerce are usually hot, but they also last for a short period of time, and new campaigns and content need to be constantly introduced to maintain consumer attention.

3.3. Opportunities

The rapid development of live-streaming e-commerce provides a broad stage for the celebrity effect. Through the celebrity effect, new markets and people can be accessed quickly, expanding the scope of influence of the brand. With the popularity of social media and live broadcasting platforms,

celebrities can promote their products and expand their brand influence through a variety of channels. Brands can also cooperate with celebrities in different fields to attract different audience groups and enrich the brand image. At the same time, the increased consumer demand for personalised and interactive shopping experiences provides more opportunities for the application of the celebrity effect in live-streaming e-commerce.

3.4. Threats

The live-streaming e-commerce market is highly competitive, and the use of celebrity effect faces many challenges. More and more brands realise the importance of the celebrity effect, and the market competition is becoming increasingly fierce. The development of live-streaming e-commerce is affected by policies and regulations, some traditional forms of live broadcasting as well as some innovative forms of live broadcasting may be restricted by legal policies and regulations. In addition, the uncertainty and high risk of the celebrity effect may pose a threat to the long-term development of the enterprise. The words and actions of celebrities may cause public controversy, which in turn may affect brand image and sales.

4. Suggestions

4.1. Optimisation

A professional live broadcast team should be set up to improve the professionalism and viewability of the live broadcast, and enhance the interactive links, such as real-time quizzes, lucky draws, voting, etc., to enhance the audience's sense of participation and interactivity. Enhancing the continuity and stability of the celebrity effect through diversified marketing means is of great importance. Personalized product recommendations and services should be provided through big data analysis of user needs to increase user loyalty.

At the same time, the risk management of celebrity endorsement is strengthened to ensure the positive association between celebrity image and brand image. Celebrities can personally experience the products and share their true feelings in the live broadcast, enhancing the credibility of the products. Detailed product information is provided to ensure transparency and authenticity, avoiding false propaganda. In the selection of brands to fully do a good job in the background investigation, do a good job of product traceability, to ensure the safety of the product.

4.2. Development

Cross-border cooperation with celebrities or brands in different fields to attract different fan groups to expand market influence and diversify development. The live platform should utilise the global influence of celebrities to broaden the market, especially the overseas market, and enhance the brand's international popularity. Brand building is strengthened by enhancing the emotional link through celebrities who tell the brand story. This approach enhances brand loyalty and converts the loyalty of fans to celebrities into loyalty to the brand. The live broadcasting room should strictly comply with relevant laws and regulations to ensure that the advertising and marketing content is legally compliant and to avoid risks. A perfect after-sales service system should be established to solve user problems in a timely manner, protect users' rights, and enhance the brand reputation.

5. Conclusion

The advent of live-streaming e-commerce has revolutionized traditional shopping by integrating real-time interactions, product demonstrations, and direct consumer engagement. The celebrity effect plays a crucial role, leveraging the influence and credibility of celebrities to drive consumer behavior and boost sales. Celebrities enhance brand visibility, build trust, and create strong emotional connections through personalized and interactive sessions. However, risks such as the personal behavior of celebrities, high endorsement costs, and competitive and regulatory challenges exist.

To optimize the advantages of celebrity endorsements in live-streaming e-commerce, businesses should invest in professional live broadcast teams, enhance interactive elements, and ensure transparency and credibility in product information. Diversified marketing strategies and robust risk management are essential to maintaining the positive association between celebrity image and brand. Furthermore, cross-border collaborations and strengthening brand loyalty through storytelling can expand market reach and international presence. Adhering to legal regulations and providing exemplary after-sales service will bolster consumer trust and brand reputation. Through strategic implementation of these recommendations, businesses can effectively harness the power of the celebrity effect in live-streaming e-commerce to achieve sustainable growth and success.

Future live-streaming e-commerce should take into account user experience and policy requirements to broaden the user market for long-term development. As live-streaming e-commerce continues to expand globally, businesses will have the opportunity to tap into new markets and diverse consumer bases, driving international growth. Sustainable practices and ethical considerations will also become increasingly important, as consumers demand more transparency and responsibility from brands and influencers alike. Companies that prioritize these values and adapt to the evolving landscape will be well-positioned to thrive. By embracing these trends and continuously innovating, businesses can harness the full potential of the celebrity effect in live-streaming e-commerce, achieving long-term success.

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