

Whether the Introduction of Live Broadcast with Goods Mode Can Save the Difficult Company

-- Take the Oriental Selection as an example

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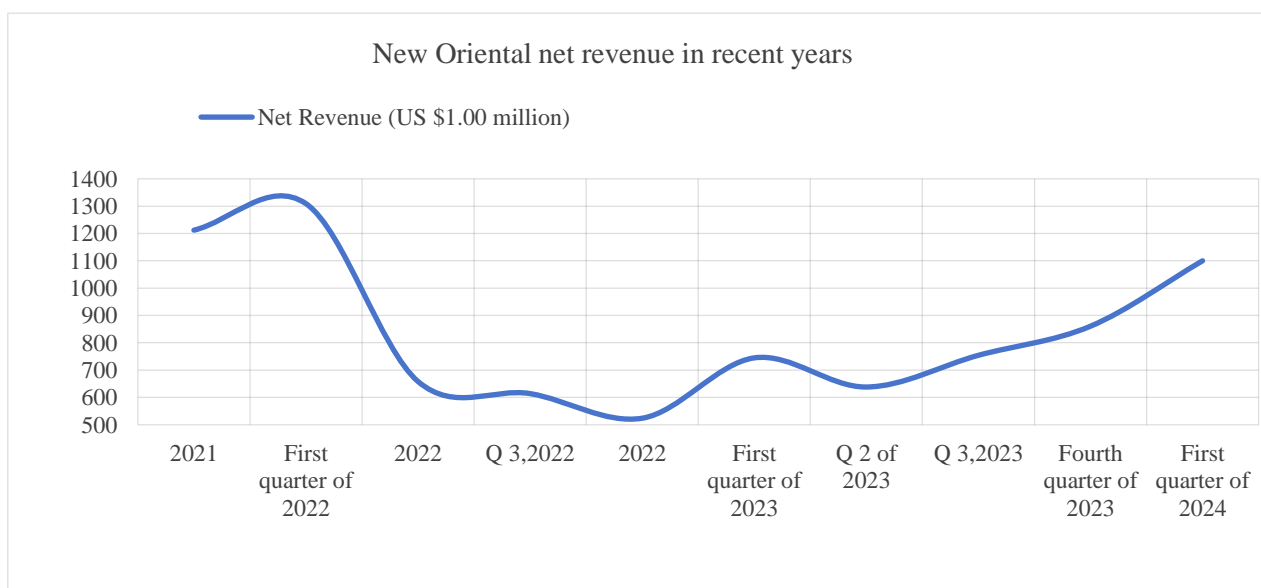
Abstract: This paper to Oriental selection holding co., LTD. In new Oriental education science and technology (group) co., LTD. In response to the "double reduction" policy, the company revenue data during the declining live with goods behavior as an example, for example, the study live with goods for difficult enterprise performance promotion effect, through the analysis of the revenue performance of Oriental selection, and compared with the revenue before the Oriental selection, found that live with goods can improve enterprise performance, saved the plight of new Oriental. Therefore, in the face of distressed companies, live delivery can be used as a strategy for enterprises to deal with the difficulties and help improve their performance.

Keywords: Distressed enterprises, Live-streaming e-commerce, "Oriental selection", "Double reduction" policy.

1. Introduction

China's e-commerce live streaming has started to develop since 2016. Live streaming appears in a new type of business mode, conducting trading activities through network live streaming, network social networking and other ways, and has the characteristics of strong interaction and host and guest. At the same time, as a form of new business forms and new models, live streaming with goods is of great research value. The "double reduction" policy was implemented in 2021, Its policy aims to reduce the burden of students in compulsory education, At the same time, standardize after-school education and training, As a leading enterprise in China's education industry, New Oriental Education and Technology

(Group) Co., Ltd. (hereinafter referred to as New Oriental) after the implementation of the "double reduction" policy on July 21,2021, The company's revenue continues to decline (as shown in Figure 1), Therefore, it is not difficult to see a dilemma faced by New Oriental after the implementation of the "double reduction" policy, While New Oriental launched the "Oriental Selection" live delivery platform on December 28,2021, And reported for the third quarter of 2023, Until the final first quarter 2024 fiscal year report shows, New Oriental began to turn a profit and mentioned that the main source of revenue is "Oriental selection" live delivery platform. Based on this background, this paper raises the question: whether the live delivery can bring a positive impact on the company's financial performance.



Data source: New Oriental Education and Technology (Group) Co., Ltd., compiled by the author.

Figure 1. Net revenue trend chart of New Oriental in recent years

2. Literature Review

2.1. The Impact of the "Double Reduction" Policy on the Education and Training Industry

In July 2021, the general office of the central committee of the communist party of China, the State Council general office issued "on further reduce the compulsory education stage students homework burden and the opinions of the external training burden" (hereinafter referred to as the "double reduction" policy), since the "double reduction" policy issued, external training institutions of compulsory education training is becoming more and more standard, and external training enterprises also stop all K9 courses (compulsory education course). The "double reduction" policy confronts the discipline training in the compulsory education stage, and the majority of the previous education and training industry is the compulsory education stage training, which greatly reduces the possibility of education and training institutions to make profits through the discipline education and training market, especially the listed education and training enterprises, whose interest space is greatly reduced [1]. Also Liu Xiaoyi [2] Studies have found that the "double reduction" policy has A great impact on a-share listed education enterprises, and the main negative impact, especially the discipline enterprises and online education enterprises have A negative impact that cannot be ignored. However, some scholars believe that the impact of the "double reduction" policy is temporary, including Luo Wen and He Jiajun[3]It is pointed out that the education and training industry plays an irreplaceable supplementary role in the overall development of the whole education industry, and the education and training industry needs the development of education for family education and vocational education.

2.2. Live With Goods

Live broadcast is a commercial marketing method that takes the Internet as the media and promotes and sells goods in the form of live broadcast. With a variety of advantages: extensive communication through the Internet, reduced marketing costs, providing simple purchase channels on the platform, optimizing the product transformation process, live streaming has broken the "barrier" of live broadcasting and commodity purchase, attracted more and more attention from merchants and the love of consumers, and gained recognition from the market [4]. At the same time, live streaming has huge potential, which can help improve the sales of the enterprise in the short term. In the long run, if the goal, it can help upgrade the digital intelligence by establishing the digital link between users and the enterprise. In addition, compared with the previous e-commerce forms, live streaming is relatively decentralized, which also brings greater opportunities and more possibilities for many anchors [5]. And with the decentralized characteristics of the live broadcast with goods, to more anchors can use the self-centered method to marketing, Li Shuang, Wang Xiaoqiang [6] It is believed that consumers will take the livestreaming providers as a projection of their own, and guide the social communication closely combined with commodity marketing, so as to achieve ideal marketing results. However, the body and expression of the livestreaming platform are inseparable from the construction of the platform itself. On the other hand, by means of virtual interaction, live streaming establishes an idealized state that is difficult to achieve in real life. With a

strong sense of social presence, consumers have a stronger willingness to consume, proving that live streaming does have a positive impact on marketing [7]. In addition, live broadcast with goods belongs to a flow economy, Xu Anfeng, Liu Zihui [8] Points out that the key factor is the live with the flow of traffic, through the host or live content to attract consumers into the studio, plus marketing to make consumers stay, stay of consumers because of its demand or value identity for consumption, to further increase product sales, one of the most critical is to attract traffic and keep consumers in the studio. However, live streaming may be a double-edged sword. Take the live broadcast room of well-known anchors as an example, even if the huge product categories and brands are controlled by a professional team, it is difficult to perfectly control the purchase and use experience of consumers, which leads to negative effects [9]. Or the live broadcast with goods may not be a long-term solution, Huang Hongbin, Qi Shutian [10] It is believed that although the growth of yield can be observed in the short term, live streaming may only be a means to deal with public emergencies, and cannot be developed as the main business for enterprises. Although on the one hand, live with goods hot help cultivate consumers watching habits and consumption habits, but live with goods just with low price to attract consumers, for the increase instead, even a promotion of dozens of brand anchor, the brand promotion and brand loyalty cultivation effect is not obvious [11].

2.3. How do Distressed Enterprises Deal with Them

In the development cycle of an enterprise, most enterprises will inevitably suffer from the operating difficulties of declining earnings or declining market share, and it is difficult for organizational leaders to control the influence of exogenous factors [12]. At the same time, with the increasing competition, the rapid development of technological change, coupled with the global economic recession, the phenomenon of enterprises is becoming more and more serious, which has become a huge problem for managers [13]. So under such circumstances, how should the enterprise save the plight of the enterprise, to achieve a turnaround, and even further occupy the market. Yan Jingbo, He Xiaogang, and Chen Yuan [14] It is believed that the means of substantive innovation of enterprises can help enterprises in distress get out of difficulties and obtain long-term advantages, which is conducive to the establishment of the core competitiveness of enterprises in distress. On the other hand, when enterprises have a good mechanism, in order to effectively cope with the changes in the objective and macro economic environment, the government also needs to implement precise assistance policies, optimize the business environment, and establish a good assessment method to help enterprises get out of difficulties [15].

3. Case Analysis

3.1. New Oriental Overview

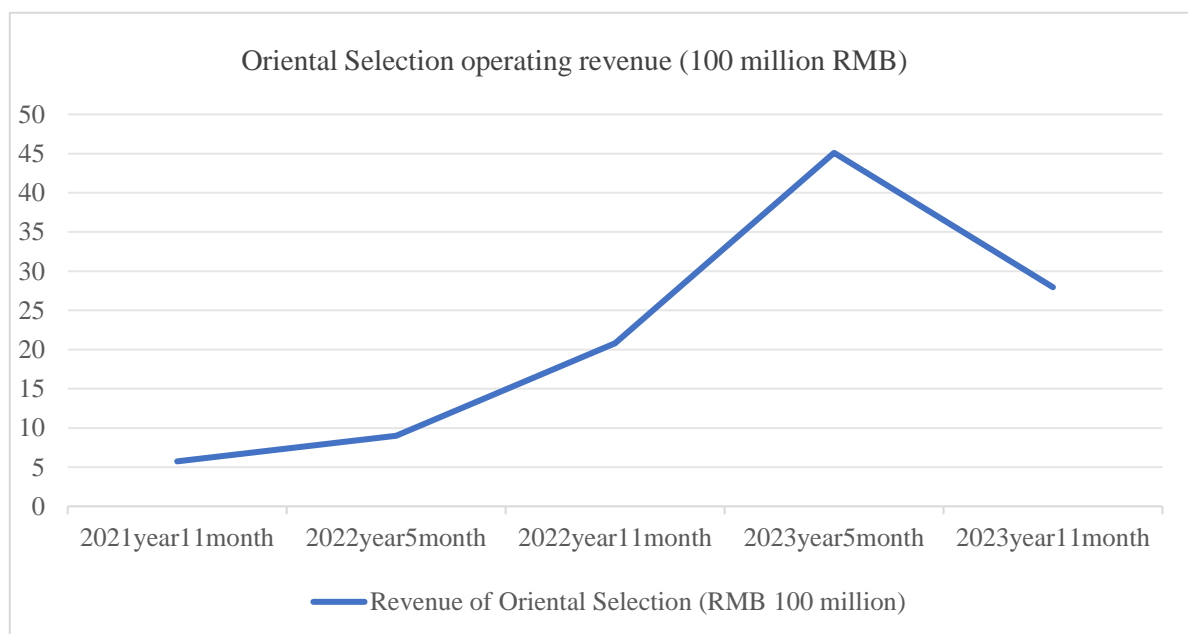
New Oriental was founded in November 1993, is currently a collection of international education, adult education, quality education, live electricity multiple business sector education training enterprises, and in September 2006 listed on the New York stock exchange, become Chinese mainland the first education companies listed in the United States, also become the domestic education training leading enterprises.

New Oriental launched the live streaming platform "Oriental Selection" in December 2021, and it has been in operation ever since. The company's own positioning is to select quality products for customers, to provide "Oriental selection" agricultural products as the core platform. However, Oriental Selection attracts consumers with its unique "connotation" characteristics, enters and stays in the broadcast room, and finally promotes consumption. So far, Oriental Selection has owned a live broadcasting platform on Internet platforms such as TikTok, Taobao, "Oriental Selection" and its own application platform. As can be seen in the financial report of the third quarter of 2023, that is, by March 2023, the net revenue of New Oriental increased by 22.8% year on year, mainly due to the help of Oriental selected live broadcast with goods. And this node is the beginning of New Oriental profit.

At the same time, it can be seen that after the introduction of the "double reduction" policy, New Oriental's live delivery strategy based on Oriental selection has been quite effective, and even saved the predicament of New Oriental.

3.2. Oriental Selection of Live Broadcast with Goods Behavior

New Oriental after the "double reduction" policy



Source: Quarterly data of Hong Kong stocks, collated by the author.

Figure 2. Operating income chart of Oriental selection after live broadcast with goods

3.4. Compare It with The Same Type of Enterprises

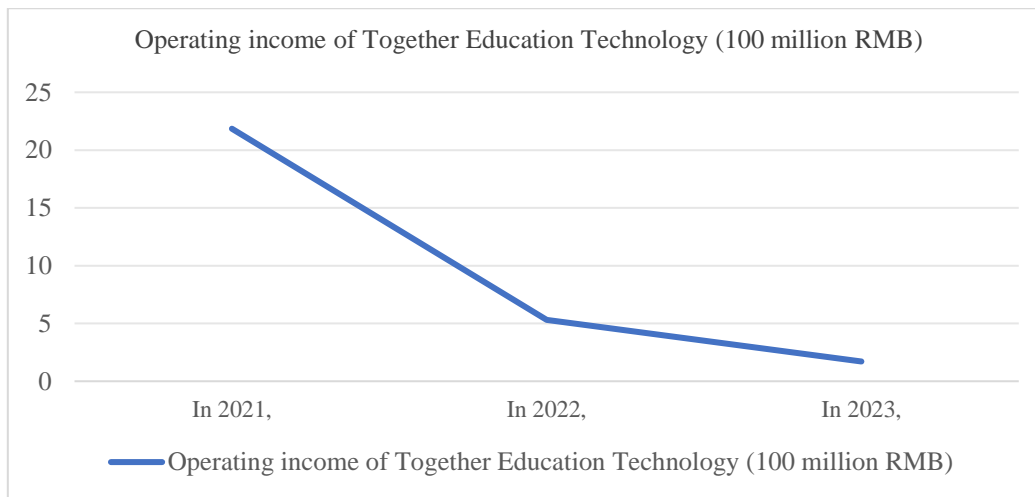
As can be seen from Figure 3, Together Education Technology has been strongly impacted after the "double reduction" policy, and its operating income is also declining all the way. From 2.185 billion in 2021 to 531 million in 2022, and finally to 171 million in 2023. It can be said that One education has been greatly influenced by the policy, and belongs to the education and training industry with New Oriental. The main difference lies in that the current One education is more inclined to develop K12 education, while New Oriental has two-way development in K12 education

implementation, carried out the live with goods rescue strategy, in June 2022 studio fans break through 20 million, in December 2022 will total fans reached 36 million, and through Beijing business data can see on August 29,2023, Oriental selection taobao studio sales on the day, on December 14, Oriental selection of TikTok shop on the day sales also exceeded 62 million yuan. All kinds of events can be seen that New Oriental in live with goods of continuous investment, strengthening, as well as the results are very significant.

3.3. The Performance Brought by The Oriental Selection of Live Broadcast with Goods Behavior

According to figure 2 can be seen in the eastern selection of operating income in the rise, and in May 2023 quarterly report as high as 4.51 billion, which can be seen in the "double reduction" policy launched live with goods strategy work well, combined with figure 1 at the same time, the eastern selection of live with goods business for the performance of new Oriental is positive feedback.

and live broadcasting with goods. After comparative analysis, it can be seen that the form of live streaming with goods has the following characteristics compared with traditional methods: First, live streaming with goods can stimulate active users to consume, and at the same time improve their marketing conviction, and further enhance the irrational consumption of consumers. Second, as a leading enterprise in the education and training industry, New Oriental has a lot of popularity and traffic, and has a certain influence. Therefore, it can fully transform the traffic through live broadcasting with goods. Based on this comparison, the live broadcast with goods has an obvious positive effect on the improvement of market performance.



Source: Together with the Education Technology fiscal Year Report, compiled by the author.

Figure 3. Annual operating revenue chart of The Education Technology together

4. Conclusion

As a form of "new business form, new mode", and as a new developed electronic marketing mode, live streaming has opened up the external sales channels and ways of enterprises. Based on the classic cases selected by Oriental, this paper analyzes whether the enterprises under the predicament can improve their performance through the strategy of live broadcasting with goods, and further rescue the predicament.

On the one hand, after the implementation of the "double reduction" policy, New Oriental's operating income continued to decline, and then entered the enterprise dilemma. At the same time, by comparing the same type of enterprises, it can be seen that the impact of the "double reduction" policy is universal. On the other hand, after New Oriental launched the live broadcast with goods mode, from the data, New Oriental has begun to turn a loss into a profit. Therefore, to a certain extent, live streaming of goods can help enterprises improve their performance, increase their profitability, and save the difficulties of enterprises.

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