

# What is Livestream Marketing, and How Did It Change the Market?

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## Abstract:

Since the Covid-19 pandemic, more industries are exponentially moving to the digital realm. Consequently, the marketing strategies of companies are also digitized, with live-streaming e-commerce being one of the most favored marketing structures, particularly in China. Throughout the live broadcast market, beauty, chat, dinner, games, and even all kinds of curiosity can become the main content of the live broadcast and be watched. Still, the e-commerce live broadcast is to sell goods for the purpose, unlike the entertainment live broadcast mode, it is commercial, and the e-commerce live broadcast content marketing is to improve the consumer stickiness through high-quality live broadcast content and interaction to increase consumer purchasing behavior. This paper will mostly discuss the changes in sales and the money put into marketing by a company affected by the appearance of live stream marketing through empirical studies and inferences from such.

**Keywords:** Livestreaming, E-commerce, Economy, COVID-19, Media Platforms.

## 1. Introduction

Using live streaming as a direct marketing channel is becoming increasingly popular. Live streaming is a real-time online video broadcast in which the person broadcasting the content is the live streamer. As a result, there is no proper definition of the term “e-commerce live broadcast” in our dictionary. In live sales of merchandise, the live streamer broadcasts content related to the item being sold, and viewers interact with the live streamer and other viewers, usually through text chat. The live streamer can broadcast the item and describe its features, and viewers can interact with the live streamer by asking questions, making comments, or making purchases. [1] found that many small individual sellers utilize the live streaming feature on Facebook to showcase products and make sales. In addition, many companies based in China have remarkably increased their levels of e-commerce and live streaming, especially during COVID-19. Within one year after COVID-19 began, in December of 2020, [2] shows that the live stream market’s consumer base had reached 388 million. Since live-stream marketing can strengthen social media marketing strategies, this paper reviews the background of live-streaming, explains the timeline of live-stream marketing, reviewing platforms, strategies, and future trends from graphs.

## 2. Background Research

### 2.1. Parts of Livestream marketing

Livestream marketing essentially broadcasts one’s products or company to the audience through an online platform, where viewers interact with the live streamer and other viewers, usually through text chat. Livestreaming has emerged as a potent tool for businesses to pass

through, regardless of geographical boundaries, and engage a global audience. Unlike traditional advertising mediums, livestream marketing thrives on the spontaneity and authenticity of live interactions. In the status quo, livestream marketing can be accessed through many social media platforms: Instagram, Facebook, and TikTok. Brands can leverage this platform to narrate their journey, share behind-the-scenes glimpses, and humanize their identity. Smaller brands and companies have used such a strategy to enhance their presence in the global market [1]. Live streaming demonstrates how products are created and used, allowing the seller to answer customer questions as they’re asked, revealing different perspectives of products, and organizing live activities and other events depending on the situation [2].

Live-stream marketing has been in even favor compared to traditional e-commerce due to its ability to cross regional barriers and reach various audiences. “There are more than 5 million unique mobile users worldwide with nearly 2.8 million people accessing social media with mobile devices and 80% of worldwide internet users owning at least one smartphone. Making it even more accessible to consumers than traditional commerce in person. Nevertheless, research suggests that the promotional strategy can be fulfilled (and/or enhanced) by launching promotional activities [3].

### 2.2 Timeline of Livestream Marketing (Start, Peak, etc.)

[3] states that in 2016, Facebook introduced its “webcast” feature, which attracted many users to begin live-streaming videos that could be watched at any time from anywhere. The first media available for live streaming started in the 1990s;

however, the market for live streaming began after the strike of COVID-19, when the industry skyrocketed. From [4], we see that as of December 2020, one year after COVID-19 had started, consumers in the streaming the e-commerce industry has skyrocketed to 388 million, and many e-commerce firms have used innovative approach during live-streaming as a sales promotion tactic. The revenue growth also increased at an exponential rate. To exemplify, [3] suggests that Taobao Live (a live-stream e-commerce platform of Alibaba) was reported to generate nearly 50 billion US dollars in gross merchandise volume (GMV) in 2020. Looking beyond China, the phenomenon of live-streaming sales extended its reach globally. In the United States, the live-stream sales sector was predicted to achieve a monumental milestone as US livestream sales are forecast to reach \$50 billion in 2023 [5]. The numbers and revenue earned from such marketing clearly show how live streaming is changing online shopping. People want more engaging and interactive shopping; thus, businesses everywhere use live streaming to connect with customers.

### 2.3 Improvements in Technology

As we delve into the future of livestream marketing, the prospect of AI hosts assumes prominence as a strategic adaptation to audiences' evolving expectations and preferences. The utilization of AI in this context holds the promise of fostering more personalized and responsive interactions, leveraging machine learning algorithms to understand and cater to individual viewer preferences. This technological augmentation not only ensures a seamless and dynamic hosting experience but also has the potential to transcend the limitations of human hosts, offering unprecedented scalability and efficiency. The possibility of one-on-one, personalized sessions with AI hosts becomes a possibility for the future.

### 2.4 Seller vs. Consumers' Perspectives

There can be differences between the two perspectives, sellers and consumers, although similar. For instance, there is direct engagement from both sides. For sellers, live stream marketing offers an unparalleled opportunity for direct engagement with the audience, allowing them to showcase products or services in real-time, answer questions, and address concerns immediately. Meanwhile, for consumers, transparency is offered by live stream marketing. The real-time nature of the interaction allows them to witness unscripted demonstrations, ask spontaneous questions, and receive honest responses. [6] finds that the utilization of live streaming-enabled social presence and the interaction within can enhance the shopping experience, reducing shoppers' uncertainty and increasing their trust in the e-commerce seller. However, from the consumer's perspective, certain risks exemplify privacy concerns. As live stream platforms collect user data, there are potential privacy concerns associated with collecting and using

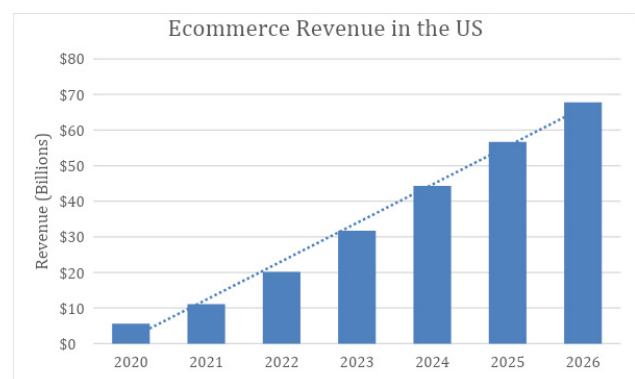
this information. Certain consumers may be uncomfortable with some types of data collection. Whereas for the consumer, concerns will include the factor of unpredictability. The live nature of streaming means that unexpected events or mistakes can occur, affecting the overall quality of the content. And the lack of control over such events may lead to a poorly performing outcome.

### 2.5 How Small/Large Firms Use LSS

For small businesses, livestream marketing may occupy a relatively higher proportion of the marketing budget. This is because [7] says live stream marketing is often considered an intimate and direct way to interact with customers, helping small businesses establish brand awareness and customer loyalty. Along with reasons seen in sections 2.1 and 2.3. In addition, small businesses are spending more on marketing after the pandemic, and this growth is happening quickly because they are using live stream marketing a lot, incentivizing them to further use such technology. Taking advantage of the impulse of consumers. The online environment can trigger consumers' online purchase intention and willingness to inspect and buy in physical stores. Based on the Stimulus-Organism-Response (SOR) framework provided by [8], stimuli contribute to forming consumers' cognitive and emotional states (organism), such as their attitude toward internet celebrities and their products. Whereas, for larger businesses, large enterprises generally have larger overall marketing budgets and may invest in multiple channels. In such large enterprises, livestream marketing might be just a part of the overall strategy, with a relatively lower proportion. Therefore, it is likely to be less of a focus for larger businesses, especially with luxury brands, which already greatly influence the market and brand image.

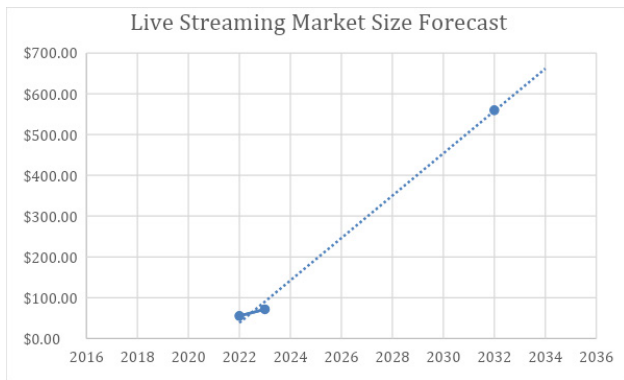
## 3. Data collection and Comparison

### 3.1 Data Figures



Note: Data from Coresight Research, U.S. Revenue in billions

**Figure 1. E-commerce Revenue in the United States.**



Note: Data from Market Research Future, Gupta 2020

**Figure 2. Live Streaming Market Size Forecast, 2022-2036.**

### 3.2 Data Analysis

From Figure 1 and Figure 2, we can conclude a continuously rising market size and revenue for the e-commerce industry. As more people worldwide gain internet access, the potential customer base for e-commerce continues to expand. The convenience of online shopping appeals to a broad range of consumers, driving the demand for e-commerce services and increasing the percentage of revenue from e-commerce in the entire market. As of the most recent predictions, it is anticipated that the market size for live streaming will surpass 400 billion USD by the year 2030; based on Figure 1, the forecasted market size for live streaming represents a significant paradigm shift in consumer engagement and marketing strategies. To provide context, the prevailing retail market within the United States, specifically the food and grocery sector, currently commands a substantial valuation of 800 billion dollars. With such an economy, the segment of livestream marketing has contributed approximately 100 billion dollars to the overall market dynamics by the same forecasted year. This transformative influence is further underscored by empirical data indicating that more than half of retailers have embraced livestream marketing as a crucial resource for product promotion. Adopting this innovative approach is not merely a fleeting trend but a strategic response to the evolving consumer landscape, supported by [9]; this is where immersive and interactive experiences are becoming increasingly dominant. Therefore, As the retail market undergoes remarkable growth, propelled by dynamic consumer behaviors and technological advancements, the livestream market is

positioned to expand correspondingly.

### 4. Conclusion

Ultimately, livestream marketing has profoundly changed how small and large businesses operate. The strategy's dynamic growth, especially during and after the COVID-19 pandemic, has reshaped marketing. Small businesses use livestream marketing to build close connections with their audience, boosting brand loyalty and showing that it increases the impulsivity of consumers[10]. Meanwhile, in their diverse marketing efforts, large enterprises frequently use live streaming to improve their brand image and solidify their position in the market. The numbers and earnings from this new approach highlight how effective it is, especially in places like China, where livestream marketing has grown a lot. The achievements of platforms like Taobao Live show how livestream marketing can make a big financial impact globally.

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