

China E-commerce and Internet series:

Countdown to Alibaba's 2016 11.11 Global Shopping Festival:

What To Expect – Live streaming + e-commerce will be a major focus

Part 2: Seven cases to illustrate how brands and retailers leverage live streaming to do e-commerce



Key takeaways

- Tying closely with social media, the rapid development of live streaming not only will play a crucial role in this year's Singles' Day shopping festival, but will also reshape the entire e-commerce landscape in China.
- Live streaming is an effective communication channel for broadcasters to interact directly with fans. It is able to drive huge viewership and generate impulse buying, and thus lead to higher sales as a result of the "Bandwagon effect".
- Chinese Internet users are receptive to this new form of communication tool. Both local and global brands and retailers increasingly use live streaming to market or sell their products. They leverage e-commerce platforms that provide live streaming function to broadcast live shows and engage directly with viewers/customers. Examples of these platforms include Taobao, Tmall, Suning.com, VIP.com and Mogujie.com.

Introduction

Live streaming is becoming popular with the fast growth of e-commerce and social media. There are two main functions of live streaming in retailing: advertising and selling. Individuals, including KOLs, celebrities, and cewebrities* can use live streaming as a tool to advertise products or to host talk shows. Cewebrities using Taobao Live Streaming is one prominent example. Very often, when these individuals become popular, they may engage in e-commerce via live streaming.

On the other hand, brands and retailers can use live streaming as a tool to advertise and/ or selling, by partnering with famous webcasters or KOLs. Increasing numbers of brands now use Weibo Live Streaming to advertise, while other brands leverage platforms such as Taobao Live Streaming and Suning Live Streaming to sell their products.

In our previous report [“Countdown to Alibaba’s 2016 11.11 Global Shopping Festival: What To Expect – Live streaming will be a major focus – Part 1 Live streaming + e-commerce”](#), we discussed how live streaming ties with e-commerce and the major trends in China’s live streaming industry. In this issue, we list out some prominent cases that can illustrate how individuals, brands or retailers leverage live streaming to do e-commerce.

* Cewebrity comes from two words – “web” and “celebrity” and its referred to any individual who became famous because of the Internet.

Taobao Live Streaming: a popular live streaming tool

淘宝直播

Alibaba is at the forefront of launching real time streaming tool. Taobao Live Streaming is a tool launched by Alibaba which allows individuals and retailers to stream and do e-commerce.

Alibaba officially launched a live streaming tool on its mobile Taobao App in May 2016. More than 1,000 celebrities have used Taobao Live Streaming to broadcast live shows and do e-commerce.

Taobao Live Streaming also provides a direct way for Taobao store owners or brands operating on Tmall to reach out to customers.

According to Alibaba, majority of viewers are female, accounting for around 80% of the total number of viewers. They are most active and are likely to purchase at 20:00 - 22:00. Half of the viewers are post-90s.

The example below shows how a celebrity leveraged Taobao Live Streaming to broadcast live show and engage in e-commerce.



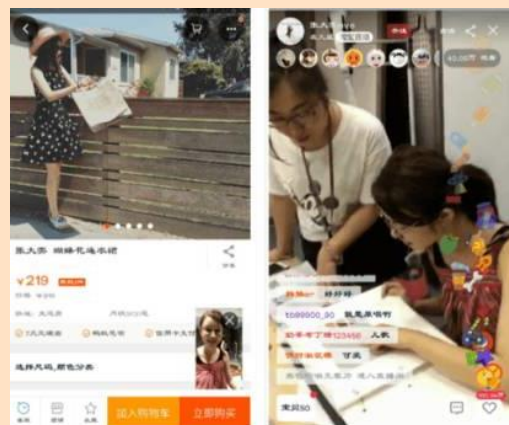
A popular celebrity Cherie broadcasted on mobile Taobao.
Source: <http://tech.sina.com.cn/i/2016-05-12/doc-ifxsenvn7089486.shtml>



Case #1: Eve Zhang on Taobao Live Streaming

In June 2016, a popular celebrity Eve Zhang leveraged Taobao Live Streaming to broadcast a 2-hour live show. During the live broadcast, she introduced fashion tips, chatted with fans and brought fans to virtually see the manufacturing process of the clothes selling on her online store and visit the warehouse. She gave out discount coupons during the streaming. Viewers could purchase the clothes while watching the live broadcast by clicking the links on the screen.

During the 2-hour live broadcast, viewership of her streaming reached 410,000. The transaction value resulted from the streaming amounted to a record high of 20 million yuan.



Source:
http://news.pedaily.cn/201608/20160815401737_all.shtml
<http://www.imajia.com/O2O/8a042899556d6a4a01557765007f0163.shtml>

Some brands and retailers have also leveraged Taobao Live Streaming to market and sell their products. For companies without a large physical presence in China, live streaming allows them to interact directly with Chinese consumers and is a good way to increase their exposure in China. Macy's and GNC are two such interesting cases.

Case #2: Macy's on Tmall

In July 2016, U.S. department store chain Macy's hosted a live streaming shopping tour for its New York flagship store via Taobao Live Streaming. This was the first live video shopping event of its kind, and Alibaba said that the live streaming has attracted 100,000 viewers and 880 comments.

During the streaming, Macy's brought consumers to a "private" walkthrough of its flagship store on 34th Street in Manhattan. Macy's issued e-coupons during the live stream, and viewers could use them to purchase products on its Tmall flagship store.

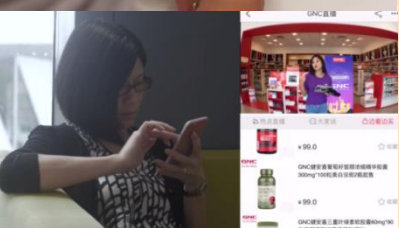


Live streaming event of Macy's via Tmall App on 4 July, 2016.

Source: <http://www.magiconline.com/news/alibabas-live-stream-macys-draws-100000-viewers>
<http://www.alizila.com/with-live-streaming-u-s-brands-bring-july-4th-holiday-to-china/>

Case #3: GNC on Tmall

In July 2016, U.S. sports nutrition retailer GNC leveraged the Taobao Live Streaming function to take Chinese consumers on a tour to one of its stores near its headquarters in Pittsburgh. The host walked viewers through the company's history and products, and also showed them how to purchase their supplements, protein powders, and other goods online.



Live streaming event of GNC via Tmall App on 4 July, 2016.

Source: <http://www.alizila.com/with-live-streaming-u-s-brands-bring-july-4th-holiday-to-china/>

Live Streaming for the Singles' Day shopping festival

Alibaba is a forerunner in leveraging real time events to engage with Internet users. Live streaming is one of the main focuses of Alibaba's Singles' Day in 2016. Series of live streaming shows will be running from 21 October through 11 November. Celebrities, cewebrities, KOLs, and athletes will appear on the shows.

Alibaba has announced its service plans for online sellers who want to advertise their products on Taobao Live Streaming platform during Singles' Day shopping festival. Webcasters on Taobao Live Streaming platform will promote sellers' products during Singles' Day shopping festival in specific time slots. Sellers will pay advertisement fees according to the number of fans and the viewership of webcasters. Taobao Live Streaming will suggest a list of webcasters to sellers according to seller's product categories.

Alibaba's *Tmall Global Fashion Show* is a key event that kicks off 2016 Singles' Day shopping festival.



Case #4: Alibaba's "See Now, Buy Now" fashion extravaganza

On 23 October, 2016, Alibaba broadcasted a live fashion show via Taobao Live Streaming on Tmall, Youku, and Mobile Taobao. Over 80 overseas fashion brands such as Burberry, Paul Smith, Trussardi, Adidas, Gap, Ted Baker, Zara and Paul Smith participated in the event and live-streamed their collections. During the 8-hour interactive fashion extravaganza, viewers not only could see latest collections of the fashion brands, but also pre-order the apparel and accessories of the collections appeared in the show. U.S. fashion icon Nick Wooster served as image consultant for the event, while Victoria's Secret's Chinese model Sui He, Asian pop stars Chris Lee, Christine Fan and Khalil Fong also made an appearance in the show. This is probably the first time that a live stream event involved such a large number of global brands, and allowed viewers to "see now, buy now."

Alibaba hopes to create an environment that can allow consumers to connect entertainment and purchasing. It is reported that total viewership of the fashion show reached 6 million, and generated around 3 million comments and interactions on social media platforms.



Source: http://news.pedaily.cn/201608/20160815401737_all.shtml
<http://www.imaijia.com/O2O/8a042899556d6a4a01557765007f0163.shtml>

Other examples



Case #5: Suning app's live streaming function

SUNING 苏宁云商

Suning.com, an online platform of Suning Commerce Group and the third largest B2C platform in China, has launched its Suning app in 2013 to lure mobile consumers. In August 2016, Suning started to offer live streaming functions on its Suning app.

Live streaming function on Suning app was launched in August 2016 along with the roll out of Suning's "818 shopping festival". During 12-17 August, 2016, Suning launched its "Fashion Buyer Investigation " (FBI) program to recruit popular celebrities, cewebrities, fashion buyers to hold 28 live broadcasts on its Suning App. Viewers can communicate with broadcasters and at the same time make purchases on the Suning App.

Besides introducing products, some broadcasters also brought viewers to selected Suning stores in Tokyo and Hong Kong virtually during the live streaming and introduced local products there. Discount coupons were also given during the streaming to attract viewers to make more impulse purchases.

According to Suning, the number of viewers for a particular streaming reached 1.31 million, while the total number of viewers participated in the event reached 17.96 million.



An advertisement of a streaming event by a popular Chinese celebrity on Suning App.

Source:

<http://www.suning.cn/cms/latestNews/17650.htm>

Case #6: VIP.com

唯品会
vip.com

VIP.com is a leading domestic online discount retailer focusing on fashion, cosmetics, bags and accessories, baby and maternity products, and home products. In 2015, its total net revenue increased by 74% to 40.2 billion yuan, with the number of active customers reaching 36.6 million.

VIP.com launched a 6-episode weekly live streaming program 《唯品美美搭》 in August 2016. VIP.com invited a popular fashion icon Perry (小P老师) to host and share fashion tips with viewers. He also introduced selected fashion items. Viewers could purchase directly during the live streaming.

Earlier in June 2016, VIP.com organized a 12-hour live streaming program for its “616 shopping festival”. Similar to Taobao Live Streaming and Suning Live Streaming, viewers could purchase directly by clicking the link appeared during the streaming. It was reported that 15.7 million viewers watched the show, leaving more than 30,000 comments during the streaming.

Founder of VIP.com said that live streaming would be one of its focuses in the future as it is an effective way to lure these new consumers. As of end-August, VIP.com has signed contracts with 40 KOLs in sectors such as food and beverages, cosmetics, skincare, etc.



Source: <https://read01.com/NzyM7a.html>
<http://www.ebrun.com/20160826/189094.shtml>

Case #7: Mogujie.com



Mogujie.com is one of China's biggest fashion-focused social shopping platforms. It has over 130 million registered user by the end of 2015. Its total GMV in 2015 reached 12 billion yuan. In June 2016, Mogujie.com, Meilishuo.com, a female-focused social networking platform, and Taoshijie.com, a cross-border e-commerce platform, have merged and formed a new group Meili Inc. Of which, Mogujie.com will focus on live streaming and e-commerce.

As part of its promotion events, Mogujie.com launched a 16-hour live streaming campaign on 9 July, 2016 (「直播闺蜜搭」) to lure consumers to buy products while watching the streamings. It partnered with 150 cewebrities from UNI, a cewebrity incubator platform of Meili Inc., to launch the event. Total transaction value on the day was 189% higher than the average daily transaction value recorded in June. And the average daily number of transaction was 131.8% higher than the daily average in June.



An example of a live streaming by a cewebrity during Mogujie.com's 16-hour live streaming campaign.

Source: http://news.pedaily.cn/201608/20160815401737_all.shtml
<https://kknews.cc/tech/jz2bay.html>

CONTACTS

Asia Distribution and Retail

Teresa Lam

Vice President

teresalam@fung1937.com

(852) 2300 2466

Christy Li

Senior Research Manager

christyli@fung1937.com

(852) 2300 2476

Fung Business Intelligence

10/F, LiFung Tower,

888 Cheung Sha Wan Road,

Kowloon, Hong Kong

Tel: (852) 2300 2470

Fax: (852) 2635 1598

Email: fbicgroup@fung1937.com

<http://www.fbicgroup.com/>



Photo source: Fung Business Intelligence

© Copyright 2016 Fung Business Intelligence . All rights reserved.

Though Fung Business Intelligence endeavours to have information presented in this document as accurate and updated as possible, it accepts no responsibility for any error, omission or misrepresentation. Fung Business Intelligence and/or its associates accept no responsibility for any direct, indirect or consequential loss that may arise from the use of information contained in this document.