International E-Marketing to China:

How Live Streaming is influencing buying behaviour

(The Example of Taobao Live)

**Abstract**: In the modern world dominated by information technology, communication channels like television, radio, newspapers and magazines are becoming outdated and outrun in popularity by the internet media. The closed ecosystem of the online channels in China with the most foreign apps blocked and replaced with the Chinese analogs provides for a completely different, independent from the outside world environment for online marketing. Social media is an extremely powerful tool for introducing new products and building customer trust. However, foreign businesses aiming to enter the market in China need a blueprint on how to properly utilize this potent instrument, what is the right strategy and which target consumer is it the most suitable for.

This article provides general guidelines on digital marketing to China, summarizes information about online marketing in general, introduces the trend of live streaming and measures its influence on buying behavior among different consumer age groups to be properly put into use by international business owners aiming to enter the Chinese market.

**Keywords**: International marketing; live streaming; buying behavior;

**Contents**

Introduction

Research background and significance

Overview of the online marketing in China

Summary of the literature previously written on the topic of digital marketing

Defining online presence and explaining the concepts that make up its foundations

Exploring the impact of a company’s online presence on consumer behavior

The Hypotheses to be Tested

A. Taobao Live is The New Age Platform For Influencing Buying Behaviour in China.

1. Online media is more potent than the rest of the media vehicle in influencing

buying behavior in China.

b. Live streaming platforms provide a different environment for

Influencing buying behaviour.

c. Taobao Live is more potent in influencing buying behavior than all other

live streaming platforms in China.

1. Live Streaming Is Potent In Influencing Consumer Behavior

Only To The Younger Generation.

a. It is only the young adults and teenagers who could be influenced by marketing through live streaming.  
IV. Methodology

A. Primary research - survey conducted among

Chinese social media users

a. Designing an insightful survey

b. Analyzing the sample

c. Collation of data

d. Econometric regression model

B. The outcomes of the quantitative regression

V. Conclusions and suggestions

A. Analyzing the results and assessing significance of the outcome

B. Summarizing the objectives of the study on live streaming as a marketing tool

C. Findings and their implications in the international marketing

# 1 Introduction

## Research background and significance

### 1.1.1 Research background

Since the year 1998, when the Internet in China has become open not merely as a national infrastructure for communication and scientific research but as a tool for the ordinary citizens, the number of the Internet users and related technological advancements have been growing rapidly. In the present time the all-encompassing Internet technology surrounds us everywhere we go in our normal day to day life. It has become the main medium for communication, entertainment, shopping, and its range of functionality is constantly expanding. Between the years of 2009-2014 several major online media platforms such as Facebook, Twitter, YouTube, Google services, etc. have been blocked in China due to the censorship, which allowed local channels to be used instead. That led to a certain ecosystem being created within the Chinese digital space and had set an alternative way of development. Furthermore, such operations as shopping, ordering food delivery and payment have been highly digitized, which made China one of the most advanced e-commerce industries in the world. Hence the deep integration of digital technology into the lives of Chinese citizens, online marketing has become one of the most effective ways of advertisement and is widely used by businesses and corporations in China. While the online media has already been highly popular among the Chinese users, the recent COVID-19 lockdown has propelled it even further. Now, besides the ordinary content marketing performed via long and short videos on social media platforms, the new trend of live streaming has become a rapidly growing industry and is estimated to be worth $60 billion annually. Alibaba’s Taobao Live has been specifically chosen as the most outstanding example of a live streaming platform for this paper. With the most significant market share of 80%, Alibaba’s Taobao Live remains the leader among the other large live streaming platforms, such as Baidu, JD.com, Douyin, Tiktok, Kuaishou, MOGU and others. With the recent significant gain in popularity and its promising estimated growth, live streaming presents an innovative opportunity for international businesses to enter the Chinese market.

### 1.1.2 Research significance

On the basis of understanding the current condition of the online marketing field and analyzing the trends, this article will draw the knowledge from the latest international and online marketing theories, as well as the real world cases of international businesses’ marketing to China, to deeply study the potential benefits and applicable tactics. Furthermore, an online survey will be conducted among the Chinese Internet users of different age groups in order to supplement and support the information suggested in the article. It is not only a question of promoting a single foreign business to the Chinese consumers, but rather a question of the globalization and the mutual benefit between countries, that the modern technology is able to offer. Exporting and importing goods does not only help large scale businesses to succeed, it also helps national economies to grow and expand. Consumers and businesses can benefit from buying the products that are not produced locally, but are available for purchase online from a business abroad. If more international business owners know how to properly present their products on the Internet, it means increasing profits and the sales potential for the international businesses, as well as possible reduced costs and new products availability and, as a result, higher economic efficiency for the importing country. It is hoped that at the end of the investigation there will be a clear indication of the potential of Chinese online media channels, and live streaming platforms in particular, in assisting foreign businesses aiming to penetrate the Chinese market, as well as statistical identification of what kind of target audience these marketing campaigns would be the most suitable for and what kind of marketing techniques would be the most effective. The insights received in the process of this investigation can be used to support further academic research in the field of international online marketing.

## Current State of Online Marketing in China

By the end of 2020, China had 989 million internet users, according to figures released by government agency China Internet Network Information Center (CNNIC). More than 98 percent of these users are accessing the internet through their mobile devices making China the first country to be a “Mobile First Nation”. In 2021, mobile internet is predicted by R3 to take up 17% of China’s total IP traffic, indicating that mobile traffic has grown at a compound growth rate of 56% since 2016. With the continuous improvement of network connectivity and Chinese consumers who are increasingly using their phones in their day to day lives, brands understand the importance of focusing on digital marketing strategies such as live broadcasting, short videos, and personalized content.

$75.33 billion is an estimation of China’ online advertising revenue of 2020, which makes China the second-largest market worldwide for digital advertising. Digital ad revenue in China grew 23% in 2020 as marketers invested in short video, e-commerce and social media. The growth is remarkable given that the Covid-19 pandemic saw average media spend drop 15% between the first and third quarters of 2020, according to information on the web ([thedrum.com](http://www.thedrum.com.)). The publisher outlines that social key opinion leaders (KOL) and performance media investment were the fastest-growing media types in 2020 as content became a key focus for marketers looking to increase engagement and conversion through social commerce. It indicates the rapid increase in demand for advertising on live streaming platforms.

Among all of the diverse marketing channels in China, today the online video ads market is worth 46 billion yuan (6.8 billion dollars), the OTT (Over The Top) market 4 billion yuan (592 million dollars), news ads market 42 billion yuan (6.2 billion dollars) and, online live broadcast marketing market 3.4 billion yuan (503 million dollars) according to marketingtochina.com.

## Introduction of the case platform - Taobao Live

Taobao is a large Chinese online shopping platform. It was founded by Alibaba Group in 2003 and it is now ranked as eighth most visited website in the world according to Alexa Website ranking. Consumer to consumer (C2C) retail is facilitated in Taobao marketplace by providing an opportunity for small businesses and individual entrepreneurs to open online stores. Taobao goods are payable by online cellphone accounts, and are usually sent to clients by an express delivery service offered by the store. In 2018, Alibaba launched a live streaming service named Taobao Live. This service was created in order to help online retailers market their products utilizing the online phenomenon called social shopping. The service is integrated into the Taobao shopping app and divided into categories for users according to their interests, such as food, clothes, cosmetics, jewerly, electronics, and even cars. It’s become an important tool for brands in communicating with their customers. It allows consumers to shop while watching hosts review and recommend products.

The platform has seen significant growth in popularity and success, with 84 stores using this service reporting $7.4 million in sales. According to the latest Taobao Live data, the gross volume of goods generated by the platform has grown by 150% per year for three consecutive years. At the end of 2019, consumers spent over 350,000 hours every day viewing content on the platform. In the meantime, the newly registered accounts have almost doubled.

The use of the platform continued to grow in the recent months, as the brands and merchants suffering from the coronavirus emergency have increasingly turned to live streaming in order to continue their business.

“The future of shopping will be more dynamic, interactive, and driven by real-time feedback. Live streaming offers a peek into that future and new possibilities,” said Yuan, head of content operations at Taobao Live.

# 2 Theoretical Analysis

## 2.1 Study on Buying Behavior

### 1.1.1 Definition of consumer buying behavior

It is important to note the distinction between consumer behavior and buying behavior, since consumer behavior refers to the study of individuals and groups and their activities related with purchase, use and disposal of goods and services, and how different factors such as emotions, attitudes and preferences affect buying behavior. It is also necessary to mention that buying behavior can refer to both consumer buying behavior and business buying behavior, and since the focus of this paper is on the consumers, the term buying behavior will be studied in relation to consumers specifically.

The first definition of consumer buying behavior dates back to 1974 and states that consumer buying behavior is “a process, which through inputs and their use though process and actions leads to satisfaction of needs and wants” (Enis, 1974, p.228).

The term has been evolving over time as new definitions appeared in research works. Such that in 2007, the term has been given a broader and clearer definition: “Those acts of individuals directly involved in obtaining, using, and disposing of economic goods and services, including the decision processes that precede and determine these acts” (Schiffman 2007).

### 1.1.2 The four types of buying behavior

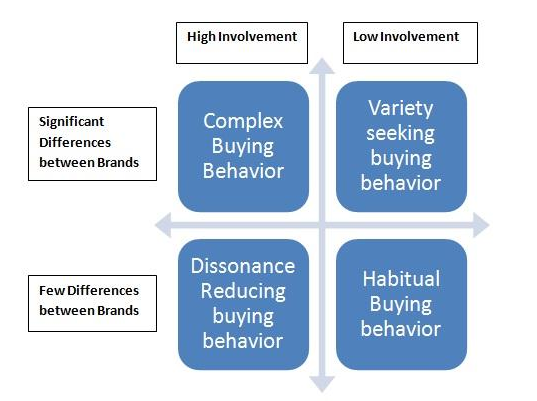


Figure 1. Types of buying behavior.

A consumer buying behavior depends on the product he/she is deciding to buy. Based on observations (Clootrack.com) it is clear that more complex and expensive purchases involve more deliberation and more participants. A consumer buying behavior can be determined by such factors as the level of involvement the buyer shows towards a purchase decision, perceived risks of the purchase etc. As shown in Figure 1, there are four types of consumer buying behavior: complex buying behavior, dissonance-reducing buying behavior, habitual buying behavior and variety seeking behavior.

Complex buying behavior is mainly encountered when the consumer is contemplating an expensive purchase. This type of behavior will include more hesitation and more thorough research before the commitment to invest. When the risk of purchase s higher the consumer will educate himself on the product he is intending to buy, consult friends and family. He will first develop beliefs about the product, then attitudes, and then making a thoughtful purchase choice.

For complex buying behavior customers, marketers should have a deep understanding of the products. It is expected that they help the consumer to understand about their product. It is important to create advertising message in a way that influences the buyer’s beliefs and attitudes. Complex buying behavior’s implications for live streaming are evident. Live streaming environment allows for a very natural way of educating the buyer about the product in great detail and helping them form beliefs and attitudes towards the product more easily.

The next type of buying behavior is dissonance-reducing buying behavior. This kind of behavior is usually involved when the difference between brands is low, the price is high and the purchase is not frequent. In this case the consumer will buy the product that is more easily available. Based on the products available, limited time or limited budget, consumers will usually make a purchase without much research. It is important for marketers to run campaigns focused on building repeat purchases and referrals by suggesting bonuses and discounts.

Habitual buying behavior happens when the consumer is not highly involved in the purchase and therefore is perceiving only a few significant differences between brands. When buying products daily, consumers don’t give it much thought and simply choose their favourite brand, the one the use regularly or the cheapest one.

For example, while a consumer buys a loaf of bread, he tends to buy the brand that he is familiar with without actually putting a lot of research and time. Many products fit into this category. Everyday use products, such as salt, sugar, biscuits, toilet paper, and black pepper all fit into this product category.

This kind of purchase is based on brand familiarity. Taobao Live in its turn provides a lot of room for building such familiarity. If one particular live streamer or a group of live streamers give reviews to products of one brand, consumers will likely associate the influencers with the brand, which will help them build brand familiarity.

Lastly, there is variety seeking buying behavior, when consumer involvement is low and there are significant differences between the brands. Here consumers do a lot of brand switching. Since the cost of switching products is low, consumers will tend to try different brands not necessarily out of dissatisfaction, but simply out of curiosity, the need for variety. Marketers usually focus their efforts on turning variety-seeking behavior into habitual.