

Paid Subscription and Tipping on Live Streaming Platform

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Abstract

Many livestreaming platforms offer two primary monetization channels: paid subscriptions and tipping to the streamers. This paper studies the relationship between these two monetization channels, aiming to determine whether they are substitutes or complements. Specifically, we investigate how subscribing influence viewers' motivation to tip. To address these questions, we collect unique panel data tracking individual viewers' activities and leverage the sequential adoption of paid subscription to conduct a Diff-in-Diff analysis. Our empirical findings reveal that subscribing to live channels significantly boosts viewers' unconditional tipping amount by 26.7%, attendance rate by 5.7%, and conditional tipping amount by 33.2%. Furthermore, we explore the spillover effect of subscription on the tipping behavior of non-subscribers. We discuss the implication of our findings for both streamers and the platform.

Keywords: Paid Subscription, Pay-what-you-what, Diff-in-Diff, Propensity Score Matching, Instrumental Variable Analysis