

Live Commerce

Taking e-commerce to the next level



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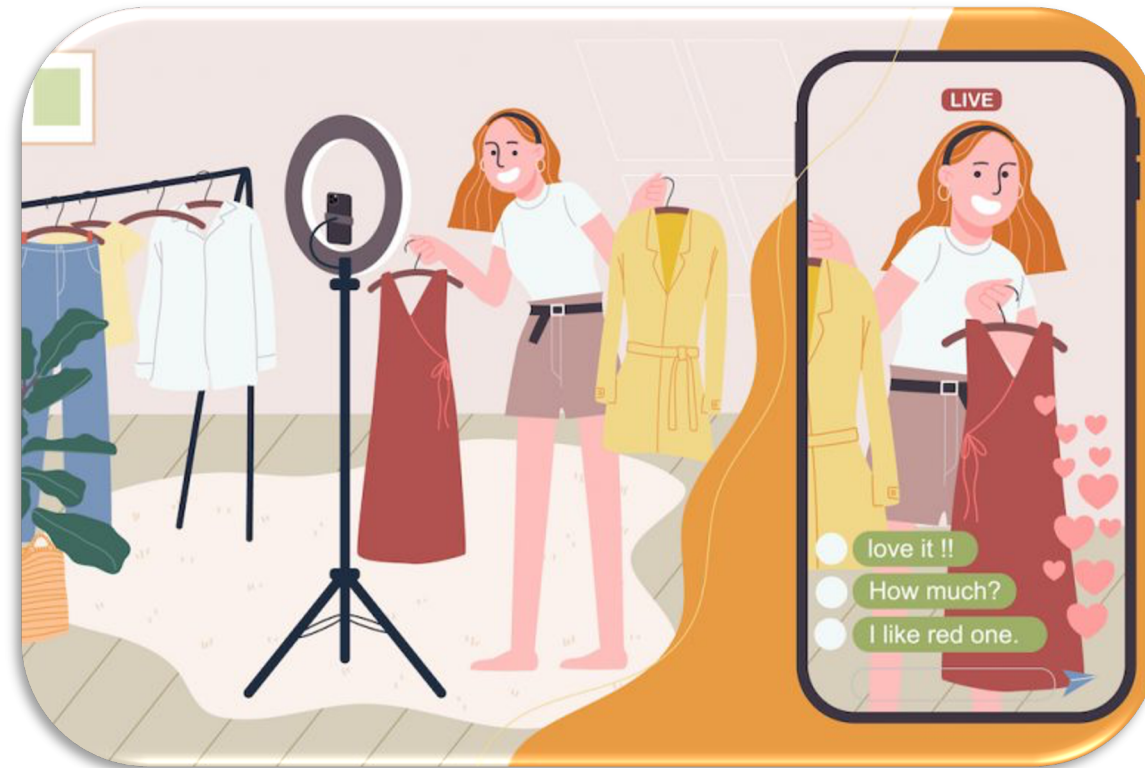
What is live commerce?

Combines live video streaming with the ability to **interact** with sellers and purchase goods immediately

The epitome of a **phygital** experience

Live commerce-initiated sales could account for as much as **10-20%** of all e-commerce sales by 2026

How does live commerce create value?



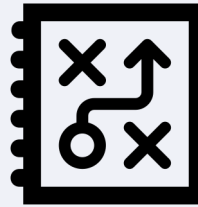
What live commerce brings to the table

1.



Powerful interactions; dynamic and immersive compared to the traditional buying and selling experience (“shoppertainment”)

2.



Live interactions with consumers, real-time feedback that **shapes marketing strategies** and product development

3.



Inclusivity; from influencers to farmers, live streamers only need a mobile phone and stable internet connection

What live commerce brings to the table

4.



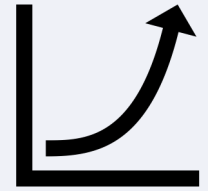
Improves **brand appeal and differentiation** through active engagement with customers, strengthening retention

5.



Geographical **freedom**; hosts can stream from their homes, warehouses, and even in rural farms

6.



Accelerates conversion by expediting the customer journey. Hosts can use urgency tactics to invoke immediate responses from customers



Douyin Live



JD Live

Meet the world's biggest
live commerce player:

China



Pinduoduo



Xiaohongshu



Kuaishou

Where did it all begin?

The first company to combine livestreaming online and shopping in China was e-commerce giant, Alibaba Group's Taobao marketplace, which introduced **Taobao Live** in 2016

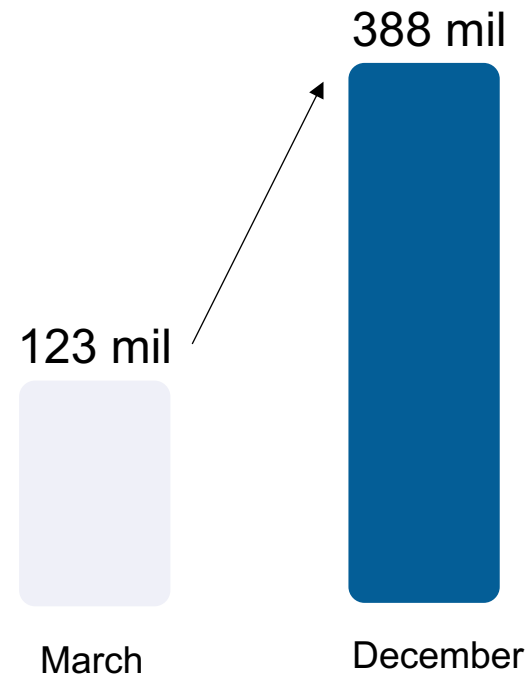
Companies such as Douyin, Kuaishou, and Xiaohongshu caught on and have gone on to cement themselves as contenders in the area

These platforms market a **wide range of products**, from cosmetics to clothes and snacks to cars

Brands also host livestreams on their self-run online stores, anchored by staff or smaller influencers

China's live commerce growth

Number of live commerce viewers in 2020



986 million

Mobile internet users in 2016

617 million

Livestreaming users in 2021

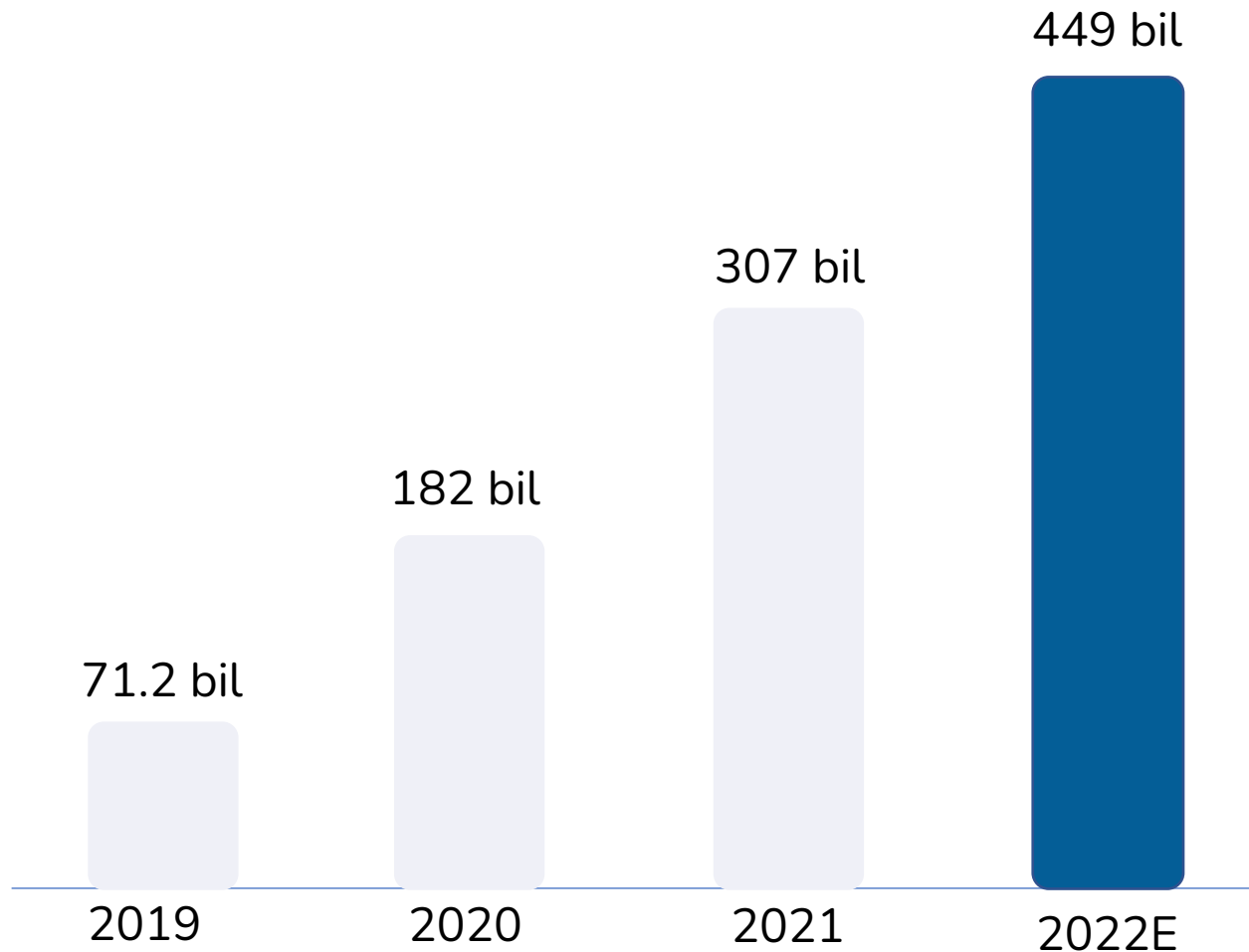
33.9 minutes

Average time spent daily on Taobao Live during 2021 Singles' Day

20.8 minutes

Average time spent daily on JD.com in the same period

GMV of Chinese live commerce (US\$)



Growth has been primarily driven by Gen Zs and millennials, but middle-aged and senior citizens are jumping on the trend (**silver economy**)

Key trends

The rise of the superhost

Key Opinion Leaders (KOLs) offer rewards, discount battles, and games to connect with consumers and monetise their relationship with them

Livestreaming as teleshopping 2.0

“See now, buy now” models in place, as well as garnering publicity and clientele for SMEs beyond fashion, beauty, and home goods

AI virtual hosts

A cost-effective alternative, allows for extended livestreaming hours. One can commission a virtual avatar built on Taobao for as little as US\$ 7.73



Key trends

Brand-run livestreams are becoming more popular

Flagship livestreams ease customers' concerns about purchasing counterfeit products which are otherwise sold by third parties at reduced prices

Shopping beyond borders

Neighbouring countries ie. South Korea and Japan have piggybacked on the success of Chinese live commerce to reach even more customers, particularly due to travel and tourism restrictions



Challenges of live commerce

Sale of counterfeit goods

Brand-run livestreams guarantee authentic products, while KOL-/smaller business-run livestreams may inadvertently push fake products to consumers

Product malfunctions

Live streaming only has one take, so if a product is defective during the live stream, this reflects poorly on the KOL/brand

Technical issues

Inadequate bandwidth or internet connectivity could severely compromise sales performance (eg. Taobao Marketplace crashed during the 2021 Singles' Day pre-sale event, consequently affecting Qiannu, a platform for merchants to manage their online stores)

Emulating the same shoppers' experience in the West

The Western e-commerce market remains very fragmented compared to its Chinese counterpart. Live commerce remains more of an engagement tool rather than a new sales/marketing channel to drive traffic and sales



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