

Research on How Live Streaming Helps Revive the Chinese Economy under COVID-19

Zhiying Wu

Beijing University of Technology, Beijing, 100000, China

Abstract. Since 2019, the epidemic has been the focus of people in all countries. Until now, it continues to frustrate economic development, human health, and social stability. How to help the economy recover under the epidemic has become a daunting task with far-reaching significance in this era. This paper focuses on China, where live streaming is prevalent, and thus explores how it has helped revitalize the Chinese economy. The research method is to cite the data brought by various live streaming platforms and government department reports to illustrate the contribution and importance of live streaming. Finally, this paper demonstrates that live streaming has the potential to make an outstanding contribution to the revitalization of the Chinese economy, including eradicating poverty in rural areas, stimulating consumption and taxation, and promoting the transformation of the economy.

1 Introduction

Since 2019, the epidemic has been one of the most significant issues impeding Chinese economic development, resulting in severe consequences. For example, according to Asian Development Bank (2020), the economic cost to China of extending the outbreak prevention and control period would be as much as \$692 billion. Despite the epidemic hampering the economy, China still maintained positive GDP increase rates in the recent three years, differing from many countries that experience sharp declines in GDP. During this period, live streaming can be a powerful platform for the Chinese economic recovery [1], illuminating the country's economy and displaying the Chinese market's strong potential and vitality. Lind defined live marketing as "a form of video delivery increasing in prevalence in the consumer and commercial sectors" [2]. This sales method has rapidly gained popularity and has become a unique consumer scene in China by relying on its advantages of being free of space constraints and interactivity. The Japan Broadcasting Association (NHK) also reported that live streaming is an innovative move by the Chinese in a difficult situation and a sign of their strong vitality. This paper studies how live streaming can help the Chinese economy recover from the epidemic in terms of eradicating poverty, stimulating consumption and taxation, and accelerating the digital transformation of the economy. As the damage caused by the epidemic has been enormous and is likely to remain for years, relying on live streaming to revitalize the economy has far-reaching implications, not only helping restore momentum but also providing a useful guide to future economic woes.

985106804@qq.com

2 The Important Role of Live Streaming in the Development of Rural Areas

2.1 Accelerating the Promotion of Agricultural Products

Poverty eradication is always an essential aspect of Chinese economic progress, and live broadcasts can significantly promote the sales of agricultural products in remote rural areas during the epidemic [3]. The emergence of Internet marketing and e-commerce may play a leading role in the development of modern agriculture, and it can dramatically reduce the distances between agriculture and other industries. The newer the technology, the greater the effect on less developed sectors and regions. Among these modern agriculture technologies, the approach of combining short videos and live streaming is the most popular one, playing a particularly essential role in the exploitation of rural areas [4]. For example, a governor of Zhaosu County in Xinjiang province posted a video of a horse galloping on TikTok. As a result, the video lets more people know about this small county and promotes local rural products to a broader audience.

2.2 Promoting the Sale of Agricultural Products

In addition, the governor and farming enterprises have driven more than 2,000 people to be employed in the local area and helped 10,000 people increase their income. Therefore, this sales method of live broadcasts can break the communication barrier between producers and consumers and change the traditional model of multi-link

cascading and profit superimposing sales mode to some extent. It not only facilitates the sale of these agricultural products but also protects the rights and interests of producers and consumers. More importantly, China is implementing the task of comprehensively promoting rural revitalization and accelerating the modernization of agriculture, so live streaming has received substantial financial and technical support from the government [4]. Figure 1 shows the data for online sales of live agricultural products in recent years.

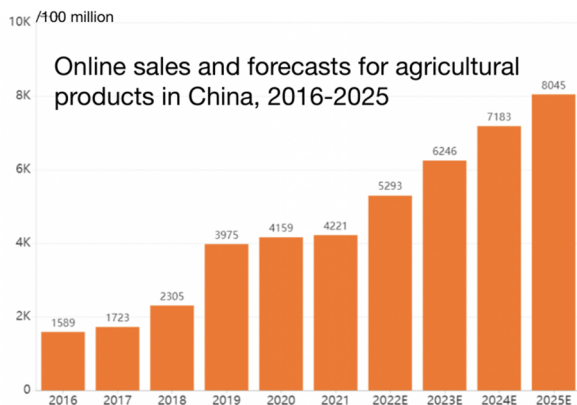


Fig. 1. Online sales and forecasts for agricultural products in China from 2016 to 2025 (iiMedia Research, 2021).

2.3 Improving the Quality of Agricultural Products

However, some people believe that live broadcasts cannot prompt the economic development of remote rural areas due to their weak infrastructures and the massive socio-economic gap between the countryside and cities. The most important feature of Internet programming is the low threshold: with a cell phone, a bracket, and a flash, one can start the journey of the live broadcasts [2]. Thus, webcasts are not so impracticable even in areas with inadequate infrastructure. Furthermore, during the epidemic, people's movement is restricted, and they are more inclined to spend their free time on the Internet [3]. With people having more time to compare similar goods, quality agricultural products are more likely to be found and purchased. Consequently, merchants also strive to improve the quality of their own goods in competition, reducing the number of goods that do not meet their expectations.

In short, it could be claimed that web broadcasts attract a large number of farmers to join the network team, which provides a large number of jobs and promotes economic progress in rural areas.

3 The Important Role of Live Streaming in Increasing Consumption and Tax Revenue

3.1 Stimulating Consumption

In addition to alleviating poverty, live streaming can also

contribute to the recovery of the Chinese economy by expanding consumption and increasing tax revenue to some extent. Investment, consumption, and exports are defined as three essential factors of Economics. The two factors, investment and exports, are not so optimistic under the epidemic. Therefore, consumption has become the main driver to bring China's economic development. During the epidemic, one of the starkest portraits of the Chinese web is that everything could be sold live, and everyone could participate in live broadcasts [5]. Internet shows can save the brick-and-mortar retail industry, which is currently experiencing a sharp decline in activity due to the epidemic. Therefore, live streaming is called by foreign media a lifeline for small retailers in China during the outbreak [1]. Specifically, it is possible for numerous businesses to reduce inventory, stimulate consumption, and even expand production through cooperation with anchors and celebrities. For instance, many merchants signed a treaty with the most famous live-streamer Li Jiaqi before the shopping festival, requiring him to introduce their products. According to the official data of Tmall shown in Figure 2, Li Jiaqi reached a total sales volume of 10.6 billion RMB in one day of the Double Eleven shopping spree in 2021. Therefore, the data indicate that live marketing is probably credited for boosting consumption.

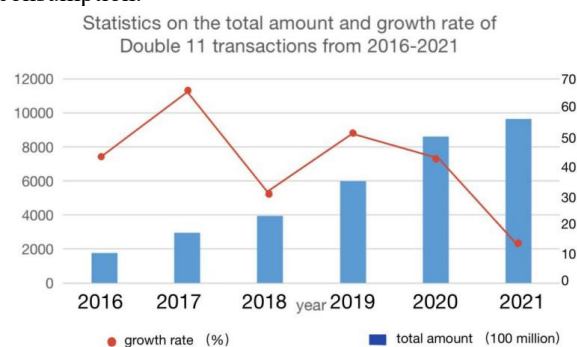


Fig. 2. Statistics on the total amount and growth rate of Double 11 transactions from 2016-2021 (Huaon Research Institute, 2021).

3.2 Increasing the Tax Revenue

Moreover, the Chinese tax revenue from live streaming reaches more than 30%, so the tax revenue generated by webcasts can also contribute significantly to the economic recovery. As China tightens the control over its tax system, tax evasion is gradually decreasing and the tax revenue generated by live streaming contributes significantly to the country's GDP. Regulations and strict laws allow the government to have stronger funds to manage the community and improve the economy in the event of an epidemic. Thus, the increase in the tax revenue and GDP can partly be attributed to the prevalence of live broadcasting.

3.3 Achieving Win-Win Economic results

More importantly, live-streamers moderately earn money themselves, create jobs, and get many people into

employment, achieving win-win results. In the case of the live-streamer Li above, Chen states that his outstanding performance in Internet video casts made the Shanghai government give him the bonus of talent settlement [6]. Finally, web broadcasts will be sustainable because merchants create many new ways to guarantee the quality of goods. The most common mode may be offering return-freight insurance, which provides consumers with the cost of returning or exchanging goods. This insurance supervises and urges the merchants to make goods of the same quality as when they were on the Internet. It also provides rights to consumers, thereby reducing the occurrence of unsatisfactory situations [7]. With the improvement of commodity quality, logistics, and regulation, Chinese live industry is getting stronger, and the role of promoting consumption is becoming more obvious.

In brief, the recovery effect of the Internet shows on the Chinese economy during the epidemic can mainly be reflected in the boost in consumption and the raise of tax revenue.

4 The Important Role of Live Streaming in China's Digital Economic Recovery

4.1 Promoting the Digital Economy

Live streaming complies with the trend of networking and digitalization, and it has become a breakthrough in achieving economic transformation and upgrading [8]. The expanding sales boundaries of webcasts during the COVID-19 epidemic can allow more businesses to open new sales channels: opening online stores and combining online diversion and offline consumption. Notably, according to Li, these new ways are driving the further development of the Internet, the improvement of mobile payment platforms, and the networking of the real economy [9]. Secondly, many traditional manufacturing industries facing the double pressure of the Internet transformation dilemma and the epidemic's impact can find a path to crack the difficulties through the live platform. For example, in May 2020, Dong, the president of Gree, attracted more than 16 million net citizens to her live studio and created a record of 310 million yuan in three hours [1]. Thus, it seems that live streaming allows traditional industries to join the digitalization process, increases the proportion of the online digital economy in the national economy, improves the allocation of resources, and finally promotes a high-quality breakthrough in the economy.

4.2 Promoting the Improvement and Upgrading of Economic Structures

Furthermore, live broadcasts accelerate the recovery and reorganization of the Chinese economy by improving the efficiency of e-commerce operations [8]. More specifically, web broadcasts spawn professional warehouse management systems and transportation systems that allow consumers to receive goods in one day.

Nevertheless, Qian and Yang believe that live streaming consists mainly of low-end goods, and the lack of technology makes it unsustainable for economic promotion [10]. With the deepening of broadcasting, the merchandise is undergoing an innovation process from low-tech products to emerging products, motivating the improvement of the economic structure [8]. For instance, the TikTok platform has opened up new forms, including live lectures, paid movies, and online concerts. The above consumption is counted as consumption in the tertiary industry, and the increase in the proportion of the tertiary sector is often the improvement and upgrade of the Chinese economic structure. Moreover, as live streaming continues to be modernized, more innovative industries might join in the Internet videocasts, injecting stronger momentum into the transformation of the economy and accelerating foreign trade [9]. Thus, it could be claimed that the involvement of new industries makes live streaming have a bright future and can continue to propel the Chinese economy after the epidemic. In summary, the live broadcasts can promote the restructuring and upgrading of the Chinese economy by facilitating the development of the digital economy, expanding new marketing models, and improving economic efficiency.

5 Conclusion

In conclusion, live streaming can primarily help the Chinese economy recover from the COVID-19 epidemic by raising incomes in rural areas, boosting consumption and tax revenues, and promoting structural improvements and upgrades in the Chinese economy. In addition, web broadcasts have brought employment, improved transportation and other infrastructure, and accelerated the transformation of the digital economy. To draw the above conclusion, this paper mainly cites a large amount of data, but one of the drawbacks is the insufficient data of small businesses, since almost all the data that can be captured belong to successful or head live-streamers and brands. Nevertheless, the value of live streaming cannot be denied. To seize the windfall and dividends of the rapid progress of the live streaming economy, the platform must develop appropriate industry rules, increase efforts to combat fraudulent marketing practices, and actively introduce high-tech and innovative industries. In the longer term, webcasts could not only prevail during the epidemic but also reflect a higher value in the future. Given the new challenges, all industries connected to Internet videocasts should actively explore and further strengthen the role of live broadcasts in promoting the Chinese economy.

References

1. Ni, V., Wang, Y., & Service, B. Coronavirus: Can live-streaming save China's economy? (2020). <https://news.sisuer.cn/wp-content/uploads/2020/05/bbc.com-Coronavirus-Can-live-streaming-save-Chinas-economy.pdf>.
2. Lind, J.: The Role and Potential of Live Streaming in Marketing for Small and Medium-sized Enterprises (2018).

- https://www.theseus.fi/bitstream/handle/10024/149489/Lind_Joonas.pdf?sequence=1
3. Deng, M., Deng, P., Chen, B., Liang, Q., & Deng, G.: Research on Tik Tok platform live streaming e-commerce to help rural revitalization based on SOR model. *Academic Journal of Business & Management*, 3(6) (2021). <https://doi.org/10.25236/AJBM.2021.030614>.
 4. Peng, L., Lu, G., Pang, K., & Yao, Q.: Optimal farmer's income from farm products sales on live streaming with random rewards: Case from China's rural revitalization strategy. *Computers and Electronics in Agriculture* 189(8), 106403 (2021). <https://doi.org/10.1016/j.compag.2021.106403>.
 5. Lin, J., & Lu, Z.: The Rise and Proliferation of Live-Streaming in China: Insights and Lessons. *Communications in Computer and Information Science*, 714, 632–637 (2017). https://doi.org/10.1007/978-3-319-58753-0_89.
 6. Chen, Z., Fan, Z.-P., & Zhao, X.: Offering return-freight insurance or not: Strategic analysis of an e-seller's decisions. *Omega*, 103(6), 102447 (2021). <https://doi.org/10.1016/j.omega.2021.102447>.
 7. Lu, B., & Chen, Z.: Live streaming commerce and consumers' purchase intention: An uncertainty reduction perspective. *Information & Management*, 58(7), 103509 (2021). <https://doi.org/10.1016/j.im.2021.103509>.
 8. Wang, X.: Research on The Development of Live Streaming Industry of E-business Under Web Celebrity Economy. 2020 the 4th International Conference on E-Business and Internet. 24,16-20 (2020). <https://doi.org/10.1145/3436209.3436884>.
 9. Li, Q.: E-commerce, Free-Trade Zones, and the Linkage Effect to China's Foreign Trade. *The Chinese Economy*, 54(6) (2021). <https://doi.org/10.1080/10971475.2021.1890361>.
 10. Qian, M., & Yang, H.: Research on the Current Situation and Optimization Countermeasures of China's E-commerce Live Streaming (2020). <http://clausiuspress.com/conferences/LNEMSS/FEIM%202020/FEIM2020010.pdf>.