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MARKETING

The instability of China's top livestreamers could be a blessing in disguise

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Over the last year, some of China's most influential livestreamers went silent, only to reappear in recent months. But this might be a good thing for labels in the long run. Image credit: Li Jiaqi's Weibo

By Kim Leitzes

On June 3, Austin Li, one of the biggest livestreamers in China also known as the "Lipstick King" was suddenly cut off after appearing to hold up a tank-shaped ice-cream dessert.

Shortly after he would put it down to "technical difficulties." But his followers suspected that it was the potential reference to the June 4 anniversary of Tiananmen Square that triggered government censors.

The account then remained inactive with no posts, streams, or social media until his very recent return.

And only at the end of last year, Viya, the "Livestreaming Queen," was fined $210.16 million (1.34 billion RMB) for tax evasion.

The famous Chinese influencer is accused of hiding her personal income and other financial cases between 2019 and 2020. Despite having more than 18 million Weibo followers and 80 million-plus Taobao followers, everything changed for the celeb: she is now banned from social media and ecommerce platforms.

Such scandals, among others, have had a long-lasting impact on both the key opinion leader (KOL) landscape and brands alike.

But there is another side to this.

In fact, the removal and unreliability of the most influential livestreamers might actually be a good thing for your label. That is, beyond the loss of consumer trust and market difficulties created.

Following these two incidents, this year's 618 shopping festival sales dropped by 25 percent compared to 2021, when Viya and Austin Li generated impressive sales for the festival accounting for $8.3 million (60 million RMB) and $7.6 million (55 million RMB), respectively.

To avoid losses such as these, companies need to have a multi-tiered and multi-voiced strategy in place. They should diversify their portfolio to mitigate such unknown factors. Businesses will be forced to broaden their sources.

Another challenge when working with only select, top-tier names is that firms have to guarantee that they are offering the best price possible, which essentially means discounting.

In other words, this translates to houses having to reduce prices in the hope of acquiring new customers, resulting in a never-ending race to the bottom.

If we look at the industry's relationship with the U.S. department stores that dominated retail market share for brands, it is a similar model.

For these stores to be attractive in the eyes of shoppers, they needed to provide better bundles and gift offers than their competitors. This led to them discounting prices on millions of goods throughout and at the end of every season to move inventory and maintain their legitimacy.

This pattern is similar for ventures working with the most influential livestreamers. As these personalities represent a disproportionate percentage of sales for maisons, the houses are actually sacrificing long-term price positioning for a one-off short-term sales volume.

As a result, the unstable presence of megastars such as Viya and Austin Li could actually be a blessing in disguise: compelling labels to find an alternative, more sustainable approach to raising awareness, generating traffic and increasing sales.

It goes without saying that livestreamers will still have a big impact, but companies should not rely on a single plan for success. They need to allocate more resources rather than banking on just one vertical to navigate the unknown. This will mean that, going forward, partnerships between lines and livestreamers can operate in a more standardized and organic way, rather than heaping pressure on a small handful of VIPs.

This is an op-ed article that reflects the views of the author and does not necessarily represent the views of Jing Daily.

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