

MARKETING

What do China's 1B+ short video app users mean for luxury and ecommerce?

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The number of China's short video app users surpassed 1 billion for the first time. Image credit: Shutterstock

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On March 2, the China Internet Network Information Center **released** a report on the country's Internet development, showing that short-video app users **surpassed** 1 billion for the first time.

This means that 94.8 percent of Chinese netizens regularly watch short videos and livestreams on these apps. The number was only 648 million five years ago. The rise comes in tandem with a booming livestream ecommerce industry.

The Jing Take: According to Chinese market research firm **iiMedia**, the livestream ecommerce industry reached a value of \$210 billion (1.43 trillion RMB) in 2022, a 19 percent year-on-year growth. It is expected to reach \$310 billion (2.13 trillion) in 2025.

Taobao's livestream channel has **attracted** more than 50 billion viewers since its establishment in 2016.

Popular short video apps **Douyin** and **Kuaishou**, both reporting more than 600 million monthly active users in 2022, have heavily invested in their livestream e-commerce services too.

The format has obviously gained the attention of fashion brands in China.

For instance, in 2021, the **top** three categories ranked by gross merchandise volume on Taobao livestream were women's apparel, beauty and jewelry.

Luxury brands including Gucci, Louis Vuitton, Dior, Burberry and Prada have **hosted** livestream sessions on Douyin and Kuaishou as well as other popular platforms such as Taobao and Xiaohongshu that support the function.

It is not difficult to see why luxury brands are attracted by China's short video platforms.

Aside from a vast user base, top livestream hosts, such as Taobao's "Lipstick King" **Austin Li**, can make a fashion or beauty product sell out in a single livestream session thanks to millions of loyal followers.

Now, with more than 1 billion users, China's short video apps are becoming ever more critical for luxury labels to

connect with consumers who are expected to engage in revenge spending.

However, these apps come with their own marketing challenges.

A major reason why consumers turn to livestreams ecommerce is that it often offers significant discounts. This goes against many luxury brands' practices of **increasing** prices to enhance exclusivity.

Top livestream hosts also work with a wide range of brands, the majority in the fast-moving consumer goods (FMCG) sector, and thus might not have the same skills and know-how to promote luxury, beauty or high fashion.

Then there is the risk of viral livestream hosts getting involved in **scandals**.

On top of this, the average short video length is only around **15 seconds**, meaning that branded videos will need to be super innovative, condensed and informative to attract attention.

To capitalize on this growing market, however, it is critical for luxury brands to adopt tailored strategies.

Entry-level, relatively affordable products are more suitable for livestreams than premium collections.

Videos that succinctly introduce a fashion, lifestyle or beauty label's unique style will probably perform better than direct advertisements. And when it comes to **working with hosts**, identifying each host's style, focus and fanbase is more important than just looking at fan numbers.

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