

IDC: Will the ecommerce livestreaming rebuild consumer confidence and lead to "revenge shopping" during the online shopping festival on June 18?

BEIJING, June 18, 2020 – JD.com and KuaiShou signed an agreement to cooperate on the "618" shopping holiday as a starting point for a strategic partnership. JD.com has positioned itself in the ecommerce livestreaming field, while Taobao Live has also released many kinds of "618" livestreaming promotion methods and brought together a number of leading channels and influencers. The 618 ecommerce livestreaming has become an industrywide event, and everyone is looking forward to some "revenge shopping".

Livestreaming has become one of the important ways for people to find entertainment and shop online during the pandemic crisis. At the same time, with the gradual expansion of the user base, livestreaming as an ecommerce platform for this 618 major event also served to promote market activity and revive consumer confidence during this special period.

From the user's point of view, the development of livestreaming ecommerce has stimulated users' unplanned consumption and accelerated the customer journey.

Livestreaming ecommerce has an important impact on consumer behaviors. On the one hand, it stimulates the unplanned consumption of users. During the post-epidemic period, streaming has become a means of stimulating consumer demand, creating more opportunities for revenge shopping. On the other hand, ecommerce livestreaming has greatly accelerated the customer journey and improved the efficiency of converting viewers to customers. The livestream host's private traffic allows more users to recognize the brand, and its marketing capability allows users to quickly understand the product and generate interest, while its credibility, premium capability, and limited stock as Key Opinion Leader (KOL) can quickly entice users to

place orders. IDC research shows that more than 23% of consumers are affected by KOL's livestreaming marketing, not by their self-driven demand for products, which leads to unplanned consumption. This ratio is even higher among those under the age of 30.

From a channel perspective, ecommerce livestreaming has gradually become an important mode of promotion and sale for emerging electronic products.

eCommerce livestreaming shortens the distance between business and customers, while extending sales communication time, making full use of users' fragmented or leisure time, and combining the host's roles of advertising, sales, and channel as well as other roles, greatly improving sales efficiency.

In the second half of 2019, the smart speaker market began to explore livestream sales formats, and the impact of the outbreak on offline channels accelerated the development of livestreaming, and by June 2020, three leading vendors, Alibaba, Baidu, and Xiaomi, were launching more frequent sales of their hot products through livestreaming to drive growth in online sales. IDC statistics show that in 2020 as of June 10, more than 300,000 smart speakers were sold driven by ecommerce livestreaming.

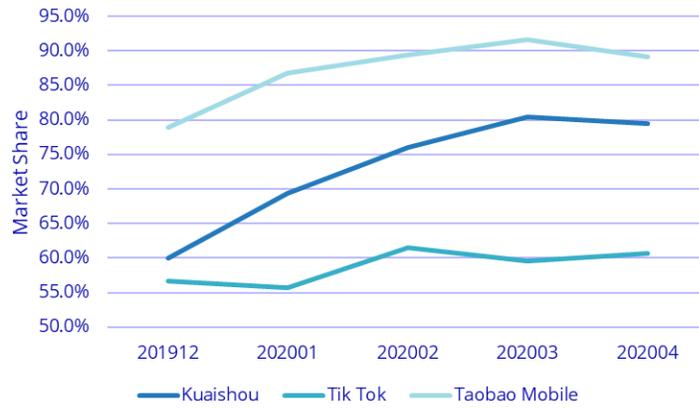
Due to the impact of the pandemic, in the first half of 2020, smartphone manufacturers also moved the launch of new products online, and subsequent new products' livestreaming sales coverage also gradually expanded from the original digital ecommerce platforms such as JD.com, Suning, Taobao, and Tmall to TikTok, Kuaishou. IDC statistics show that in the first quarter of 2020, more than five major mobile phone manufacturers and more than 12 products participated in livestreaming ecommerce sales, driving more than 100,000 units of sales.

From a product perspective, the popularity of livestreaming ecommerce has broadened the use cases for consumer electronics, such as mobile phones, to both activate demand and create more opportunities for vendors.

According to the "IDC China Smartphone Pre-installed APP Monthly Tracking Report," TikTok, Kuaishou, and Taobao Mobile clients, which strongly correlate with livestreaming ecommerce, have always had a high preinstalled rate on domestic smartphones, and there has been a continued upward trend since 2020.

Figure 1

Chinese Smartphone APP Pre-installed Rate, 201912-202004



Source: IDC, 2020

The rapid development of the livestreaming ecommerce industry has created more jobs, and with the rapid increase in the number of employed people who use mobile phones as an important streaming tool, the usage experience has become increasingly important for professional users. This drives higher demand for smartphone performance in a livestreaming scenario, and it also provides a certain direct

ion and concept for manufacturers to upgrade their products in this market segment.

According to Wang Xi, research manager at IDC China, besides keeping up to date on cameras, microphone, and other related hardware, it is even more important to provide users with a more user-friendly livestreaming

experience by building a software ecosystem that provides a more smooth and seamless switching In between the applications, more optimized user flow, and more open-access permissions on related hardware, in a typical livestreaming scenario.

"For the consumer electronics industry, the significance of the rise of livestreaming ecommerce lies not just in the 'revenge shopping' in terms of sales, but also in the opportunities presented by this emerging industry, including changes in Consumer behaviors, changes in marketing strategies, and the expansion of usage scenarios. The positioning of different vendors greatly influences their choice of livestreaming ecommerce methods and platforms, as well as their suitability for this emerging mode of sales. For example, online-focused vendors tend to attract more attention in the field of livestreaming ecommerce, and brands with high content output tend to receive better results in terms of livestreaming sales and propagation. At the same time, the livestreaming ecommerce merchants have changed their online distribution forms to a certain extent, creating opportunities for cooperation between vendors and channels, while also presenting even more challenges in terms of market governance," concludes Sophia

Pan, research manager at IDC
China.

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Figure 2



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