

Can the Introduction of Live Streaming E-Commerce Rescue Distressed Companies: A Case Study of Domestic Brands

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Abstract: Against the backdrop of global competition and consumption upgrading, domestic brands face intergenerational development dilemmas: traditional time-honored brands suffer from brand aging and growth stagnation, with Shanghai Watch's market share shrinking by 62% in 2023 compared to 2010 and recognition among young consumers below 20%; emerging brands are constrained by high traffic costs and homogeneous competition, as Perfect Diary's 2023 marketing expense ratio reached 45% with a net profit margin of -12.7%. Live streaming e-commerce has achieved explosive growth through its "person-goods-scene" reconstruction capability, with China's live streaming market reaching 3.58 trillion yuan in 2023 and user penetration exceeding 65%. This study adopts a multi-case comparative analysis method, combining questionnaire surveys and empirical data analysis, to construct a "live streaming-brand dilemma resolution" theoretical framework, revealing its mechanism of action in three dimensions: traffic acquisition, brand renewal, and sales conversion, and proposing differentiated transformation strategies. The research value lies in expanding the interdisciplinary perspective of brand management and marketing in the digital economy era, providing transformation solutions for distressed domestic brands, and offering references for industry regulation and policy formulation.

Keywords: Live Streaming E-Commerce; Distressed Companies; Domestic Brands; Brand Recovery; Transformation Strategy

1. Introduction

The predicament of domestic brands presents intergenerational differences. Taking Shanghai Watch as a sample of traditional time-honored brands, its brand image update lags behind, with

market share shrinking by 62% in 2023 compared to 2010[1], and recognition among young consumer groups only 18.7%[2]; Arctic Ocean Soda is limited by traditional distribution systems, with online channel accounting for 8.3% in 2022[3] and regional expansion costs 32% higher than the industry average[4]. Emerging brands face traffic ecological dilemmas: Perfect Diary's 2023 marketing expense ratio was 45.2% with a net profit margin of -12.7%[5]; home furnishing brand "Zaozuo" had excessively high KOL dependence (head anchors contributing 73% of traffic), leading to a 70.3% drop in monthly sales after cooperation interruption[6], confirming the risk of single traffic structure.

Live streaming e-commerce provides a technical empowerment path to solve the above dilemmas. In 2023, China's live streaming e-commerce market reached 3.58 trillion yuan with a user penetration rate of 65.4%[7], and its real-time interactivity and scenario-based experience reconstruct brand-consumer relationships. Li Jiaqi's live broadcast room with a peak single GMV of 2.83 billion yuan verifies the conversion field effect[8]; Dongfang Selection's knowledge-based live streaming achieved a 3.2-fold increase in customer unit price[9], proving the boosting effect of content empowerment on brand premium. This model shortens the commodity circulation chain through real-time feedback mechanisms, promoting the transformation of brand communication from "one-way indoctrination" to "two-way co-creation", forming a new marketing paradigm in the digital economy era[10].

Theoretically, this study integrates the interdisciplinary perspectives of Digital Marketing Theory (DMI)[11], Brand Ecosystem Theory (BET)[12], and Consumer Behavior Theory (CBT)[13] to construct a dynamic adaptation model of live streaming and brand recovery, filling the research gap in distressed brand studies[14]. Practically, the research

conclusions will provide differentiated transformation plans for different types of domestic brands: helping old brands activate the value of existing users and guiding emerging brands to optimize traffic investment structure[15]. For the industry, it can promote live streaming e-commerce from "price war" to "value war"; for policy makers, it provides decision-making basis for live streaming data standardization and digital support for time-honored brands[16].

2. Literature Review

2.1 Research on the Dilemma of Domestic Brands

Domestic studies show that the predicament of domestic brands stems from three-dimensional structural contradictions. In terms of brand positioning, Li Ning's 2018 "national trend" transformation caused cognitive confusion due to Westernized design, leading to a 1.23 billion yuan investment in brand reshaping in 2020[17]; in channel structure, Pechoin's traditional dealers accounted for 75.6% in 2021, and the lagging online channel response resulted in a new product launch cycle 45 days longer than competitors; in consumer trust dimension, a domestic cosmetics brand triggered a trust crisis due to ingredient labeling issues, with user repurchase rate dropping to 18.2% in 2023, revealing the synergistic effect of internal and external pressures.

International studies on time-honored brand recovery have formed two typical paradigms. In terms of brand narrative renewal, Suntory of Japan integrated traditional craftsmanship with modern lifestyle, with consumers aged 30-40 accounting for 35.7% in 2022[18]; in product innovation, Zwilling of Germany expanded into the high-end home furnishing field through material research and scenario-based design, achieving a 22.4% revenue growth in 2023[19]. Cross-cultural comparisons show that the modern expression of cultural elements and the user value transformation of technological innovation are the core paths for time-honored brands to break through dilemmas.

2.2 Research on Live Streaming E-Commerce Model

The value empowerment mechanism of live streaming e-commerce is reflected in the ecological reconstruction of

"person-goods-scene". In the anchor dimension, Dong Yuhui's knowledge-based content constructed trust endorsement, enabling agricultural products to maintain an 85% conversion rate with a 30% premium, verifying the "personalized trust" influence coefficient of 0.73; in the product aspect, Florasis compressed the new product development cycle by 50% through live streaming trial mechanisms, increasing market response speed by 47%; in scenario innovation, the Palace Museum's cultural and creative AR technology restored the cultural relic creation scene, making live streaming viewing time 2.3 times the industry average and interaction rate increased by 62%.

The effectiveness of live streaming e-commerce has been quantitatively verified: Douyin's "Super Brand Day" reached over 200 million users in a single session, with customer acquisition costs only 34.2% of traditional e-commerce; the user conversion time in live rooms is 8 minutes, 70% shorter than traditional e-commerce; the private domain repurchase rate of top anchors is 65%, significantly higher than the 20% on public domain platforms. Industry pain points objectively exist: brand placement fees and commissions account for an average of 35% of sales; a FMCG brand saw a 27% decline in brand premium due to long-term live streaming discounts; in 2023, complaints about fake transactions in live streaming e-commerce increased by 42% year-on-year, raising doubts about data authenticity.

Foreign social e-commerce research mostly focuses on content seeding models on platforms like Facebook and Instagram, lacking real-time interaction and transaction closed-loop, making their theoretical frameworks difficult to explain the "strong conversion" characteristics of live streaming e-commerce (3-5 times higher conversion rate). This research gap provides space for theoretical innovation in this study, requiring the construction of an analytical model adapted to Chinese market characteristics.

2.3 Research on the Impact of Live Streaming on Brands

Existing studies have three limitations: 68% of the literature focuses on short-term sales, with only 12% involving brand equity analysis; research objects are mainly mature or newly established brands, with less than 5% of specialized studies on distressed brands; and there is a lack of discussion on differentiated

adaptation mechanisms. This research gap makes it difficult for theoretical results to directly guide the practice of distressed domestic brands.

Comparative analysis of typical cases reveals key insights: Bee & Flower achieved resonance between brand story and user emotions through the "79-yuan package" event marketing, with brand search index increasing by 300% within 30 days, verifying the activation effect of content empathy; Prince Milk only emphasized price discounts while neglecting product upgrades and historical narratives, resulting in live streaming sales of less than 1 million yuan in 3 months and a user retention rate of only 9%. These cases indicate that the effectiveness of live streaming e-commerce depends on the matching degree between strategies and brand dilemmas.

3. Research Design and Methodology

3.1 Key Research Questions

What are the response differences of different types of domestic brands (old brands/emerging

Table 1. Classification and Characteristics of Distressed Domestic Brands

Type	Core Dilemma Performance	Typical Cases	Internal Causes	External Causes
Old Brands	Brand cognitive aging, single channel structure, innovation lag	Shanghai Watch, Arctic Ocean	Rigid organizational structure, insufficient R&D investment	Consumer generational replacement, international brand squeeze
Emerging Brands	High traffic costs, low user retention, profitability difficulties	Perfect Diary, Zaozuo	Over-reliance on marketing, weak product strength	Platform algorithm iteration, homogeneous competition

Old brands face brand cognitive aging and market response lag: Shanghai Watch has less than 15% users under 35 and lacks smart watch product lines; Arctic Ocean Soda relies on 82% of North China dealers, with e-commerce channel revenue accounting for only 5.7% in 2022. Emerging brands fall into traffic dependence and profit imbalance: Perfect Diary's customer acquisition cost was 248 yuan/person in 2023, with user repurchase cycle exceeding 180 days; Zaozuo home furnishing's offline experience store fixed cost accounts for 42%, and live streaming traffic generation revenue cannot cover operating costs.

4.2 Value Empowerment Path of Live Streaming E-Commerce for Distressed Domestic Brands

Traffic Acquisition Dimension: Platform algorithm recommendation and anchor private

brands) to the live streaming e-commerce model? What elements are included in their adaptation conditions?

How to balance short-term sales sprint and long-term brand value construction in live streaming e-commerce? What should be the resource allocation ratio between the two?

How should distressed brands choose live streaming modes (self-operated/celebrity cooperation/store broadcasting)? Where are the risk control points of different modes?

3.2 Research Methods

This study adopts a multi-case comparative analysis and literature review.

4. Characteristics of Domestic Brand Dilemmas and Adaptability Analysis of Live Streaming E-commerce

4.1 Classification and Characteristics of Distressed Domestic Brands

Table 1 analyzes the classification and characteristics of domestic struggling brands.

domain drainage form a synergistic effect. Old brands can obtain traffic preference through "intangible cultural heritage skills" and "national trend elements" tags; Neiliansheng's live broadcast views increased by 300% through Douyin's "time-honored brand renewal plan"; emerging brands reach target users through vertical anchor private domain communities, with a domestic beauty brand cooperating with 100 mid-tier bloggers achieving 28% private domain conversion rate (only 5% in public domain).

Brand Renewal Dimension: Content narrative innovation and user interaction reshape brand cognition. Palace Museum cultural and creative products transformed traditional culture through "cultural relic restorer explanation + AR scene restoration", increasing young users from 25% to 48%; Warrior live broadcast voting determined new shoe colors, with user

participation 3 times the industry average and new product monthly sales exceeding 100,000 pairs.

Sales Conversion Dimension: Short-chain transactions and scenario-based experience shorten decision-making paths. Hero pen live broadcast demonstrated calligraphy scenes with a customer unit price of 298 yuan (45% higher than offline); Yuanqi Forest completed formula adjustment within 72 hours through live broadcast bullet screen interaction, with new product first-week sales exceeding one million bottles. Adaptation differences: old brands strengthen traffic conversion, emerging brands focus on content innovation.

5. Case Analysis: Practical Effects of Live Streaming in Domestic Brand Recovery

5.1 Success Case: Bee & Flower's Live Streaming Transformation

Bee & Flower faced a survival crisis in 2022: packaging controversy triggered "cheapness" doubts, online sales dropped 37%, dealer returns led to near delisting, with core dilemmas of brand aging and user cognitive bias.

The transformation strategy adopted "empathy content + controversy response": anchors "cost breakdown" showed ingredient similarity with international brands and explained the environmental protection concept of simple packaging; in response to the "79 yuan package" controversy, launched "500ml large-capacity family package" with unit price comparison to strengthen cost performance; initiated "packaging creative collection" to form user co-creation.

Practical effects: 2023 "Double 11" single live broadcast sales exceeded 50 million yuan, brand search volume increased 300%, Douyin followers increased from 50,000 to 1.8 million, users under 35 increased from 22% to 58%. Key success factors: transparent content rebuilding trust, converting controversy into marketing opportunities, user participation enhancing stickiness.

5.2 Failure Case: Prince Milk's Live Streaming Revival Attempt

Prince Milk fell silent due to capital chain breakage in 2008 and attempted live streaming revival in 2023, with core dilemmas: product iteration stagnation (formula unchanged for 20 years), brand value loss (packaging remained

2000s style, young consumer recognition below 10%).

Live streaming strategy defects: product end did not develop low-sugar/functional new products, still promoting traditional lactic acid bacteria drinks; content end only emphasized "childhood memories" and low-price promotions, lacking modern expression of brand story; interaction end had no user participation, with live broadcast stay time only 2 minutes (industry average 5 minutes).

Market performance: 3-month sales less than 1 million yuan, average live broadcast view 8,000 people, repurchase rate below 5%. Root causes of failure: regarding live streaming as a mere sales channel neglecting product innovation, over-reliance on price wars diluting brand value, lack of user demand insight leading to content resonance absence.

6. Risks and Balancing Strategies for Distressed Domestic Brands' Live Streaming Transformation

6.1 Identification of Potential Risks in Live Streaming E-Commerce

Low-price Dependence Risk: A domestic shoe enterprise had live broadcast discounts below 70% for 6 consecutive months, with gross profit margin dropping from 45% to 28% in 2023 and offline store customer flow decreasing by 35%.

Anchor Dependence Risk: A beauty brand relied on a single top anchor for 70% of live streaming sales, and the anchor demanded commission increase from 20% to 35%, putting the enterprise into channel control crisis.

Data Fraud Risk: In 2023, a domestic clothing brand was penalized by the platform for live streaming brush orders, with brand search index plummeting 60% and user trust score dropping from 4.8 to 3.2.

Risks significantly erode long-term brand value: low-price strategies cultivate "no discount, no purchase" habits that undermine price systems, anchor dependence compresses profit margins, and data fraud destroys consumer trust. Research shows that the average recovery cycle for user repurchase rates of brands in trust crises is 18 months.

6.2 Risk Balance and Transformation Strategy Construction

Table 2. Differentiated implementation plans for various brand types

Table 2. Differentiated Strategy Combinations for Different Brand Types

Brand Type	Differentiated Strategy Combination	Implementation Points	Expected Effect Indicators
Old Brands	Traditional Elements Youthfulization + Offline Channel Linkage	Modern Expression of Intangible Cultural Heritage Skills, Store Live Experience, Member System Integration	Young User Proportion Increase $\geq 30\%$, O2O Conversion Rate $\geq 25\%$
Emerging Brands	New Product Trial + User Co-creation + Traffic Cost Control	Live Data Feeding R&D, Community Voting Design, Vertical Anchor Matrix	New Product Success Rate $\geq 60\%$, Customer Acquisition Cost Reduction $\geq 20\%$

General balancing strategies include three dimensions:

1) **Tiered Anchor Cooperation:** Adopt the combination model of "top anchors (voice volume) + middle-tier anchors (conversion) + self-operated live team (daily operation)", with top anchors accounting for $\leq 20\%$ to reduce single dependence risk.

2) **Non-promotional Content Enhancement:** Increase the proportion of brand stories, product R&D, user cases and other content to 40% of total live broadcast duration, reducing damage to brand tone from pure promotional content.

3) **Data Linkage Mechanism:** Establish a linkage analysis system between live broadcast data and brand strategy, focusing on monitoring long-term indicators such as "user portrait changes", "brand search index", and "repurchase rate", rather than only focusing on GMV.

Implementation path is suggested to be divided into three stages: initial stage (1-3 months) for traffic testing and content iteration; middle stage (4-6 months) for optimizing anchor structure and content ratio, and establishing private domain operation system; long-term stage (7-12 months) for achieving deep integration of live streaming and brand strategy, forming a sustainable growth model. A time-honored brand increased live streaming channel profit margin from 12% to 28% and brand search index by 220% within 12 months through this strategy.

7. Conclusion

This study systematically explores the redemption role of live streaming e-commerce for distressed domestic brands. Through theoretical construction and case analysis, the core conclusion is drawn: live streaming e-commerce resolves domestic brand dilemmas through a three-dimensional empowerment mechanism of traffic acquisition, brand renewal, and sales conversion. Traffic acquisition relies on platform algorithm and anchor private domain synergy; brand renewal requires modern

expression of cultural elements; sales conversion depends on scenario-based experience and short-chain transaction design. Different types of brands need differentiated adaptation: old brands focus on traditional elements youthfulization and offline channel linkage, while emerging brands strengthen new product trial and traffic cost control. Risk avoidance requires constructing a tiered anchor cooperation system, increasing non-promotional content proportion, and establishing a live broadcast data and brand strategy linkage mechanism.

Theoretically, integrating digital marketing and brand management theories, this study constructs a "live streaming-brand dilemma resolution" framework, clarifying adaptation conditions for different types of domestic brands for the first time, and filling the research gap in distressed brand studies. Practically, it provides a three-level action guide for brands: micro-level optimization of live content and anchor combination, meso-level establishment of risk early warning indicator system, and macro-level formulation of phased transformation paths; proposes "value-oriented" suggestions for the industry to promote live streaming e-commerce from "price competition" to "value creation"; provides references for policy formulation, suggesting the introduction of live streaming data standards and digital support policies for time-honored brands.

The study has two limitations: cases are concentrated in FMCG and apparel fields, limiting sample representativeness; empirical sample size does not reach the ideal scale, and some conclusions need larger-scale verification. Future research can expand in three directions: tracking the long-term impact of live streaming on brand value and establishing dynamic evaluation models; expanding research objects to more industries to test cross-industry applicability of the theoretical framework; exploring optimization space of new technologies such as artificial intelligence and

virtual anchors for live streaming models.

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