Integration and Innovation: An Overview of the Development Status and Trends of Chinese Tea E-commerce Live Streaming

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ABSTRACT

As the level of technology in China continues to improve, e-commerce platforms are constantly evolving in practice and penetrating various industries, even covering all aspects of public life. The advantages of online shopping have had varying degrees of impact on the physical economy, with the traditional tea industry, which primarily relies on offline sales channels, being more severely affected. The large-scale introduction of tea and the obstruction of offline sales channels have made online business a breakthrough point for the tea industry. Many tea enterprises engage in online trade through live streaming e-commerce. This paper first analyzes the opportunities live streaming e-commerce brings to the tea industry and objectively explains the impact of live streaming e-commerce in conjunction with the characteristics of the tea industry. In the future, with the continuous expansion of the market and the rise of young consumers, tea e-commerce live streaming will focus more on product innovation, online and offline integration, and brand building, promoting the entire industry towards higher quality development.

KEYWORDS

Tea Industry; Live Streaming E-commerce; Integrated Development

1. INTRODUCTION

The rapid development of internet technology has brought new opportunities for the growth of the internet economy [1-3]. Through e-commerce platforms, buyers and sellers can engage in various trade activities without meeting face-to-face, impacting the physical industry to a certain extent. E-commerce platforms are continually innovating and developing in practice, gradually infiltrating various industries and covering all aspects of public life. However, the convenience of online shopping has led some physical enterprises to face closure or suspension of production, causing significant damage to the physical economy. This impact is more pronounced for the traditional tea industry, which relies mainly on offline sales channels. Due to changes in consumer habits and the advantages of online sales in terms of price and convenience, store revenues have significantly decreased, and offline sales channels are obstructed, making online business a breakthrough for the tea industry. Therefore, tea companies can engage in online transactions through live-streaming e-commerce, leveraging the power of the internet to promote the development of the tea market and revive tea trade.

2. OPPORTUNITIES BROUGHT BY LIVE STREAMING E-COMMERCE TO THE TEA INDUSTRY

2.1. The Growing Maturity of the Live Streaming E-commerce Market

Internet live streaming began in 2005. According to the 44th "Statistical Report on Internet Development in China" published by CNNIC, as of June 2019, the number of internet live-streaming users nationwide reached 433 million, an increase of 36.46 million from the end of 2018, accounting for 50.7% of the total internet users. In 2018, Taobao Live achieved over 100 billion yuan in transactions, with a store conversion rate of over 65% [4-5]. Daily live broadcasts exceeded 60,000 sessions, with user watch times exceeding 30 minutes. The platform produced 81 hosts who generated over 100 million yuan in annual sales. After years of development, online shopping has gradually become the preferred choice for consumers. Alibaba, JD.com, and Tencent have successively launched "live streaming sales" functions online. Live-streaming e-commerce, with its engaging and vivid shopping experience, attracts and accumulates a large user base, reducing the difficulty of selling tea online and making tea industry live-streaming sales possible.

2.2. Diverse Forms of Live Streaming E-commerce

Observing the current development, "staying at home" has become a lifestyle norm, "cloud shopping" a leisure activity, and live-streamed product selection a new way of shopping for most people. Compared to allowing target consumers to learn about product information through product detail pages, e-commerce live streaming can comprehensively, thoroughly, and professionally display tea product information and highlight core product advantages through image displays, promotional video broadcasts, real-time explanations by hosts, and product explanation video playbacks. Additionally, it can answer consumer questions in real-time, dispelling doubts about product quality, functionality, and consumption. Compared to advertising and platform marketing methods, tea companies can significantly reduce costs by using live streaming as a channel for product promotion and sales, simplifying complex processes, saving substantial expenses, and thus lowering the flow and transaction costs of products, thereby increasing tea product sales.

2.3. Policy Encouragement for Multi-Channel Development

To promote the development of e-commerce, China has successively introduced various policies. During the development process of the tea industry, the "13th Five-Year Plan for the Development of the Chinese Tea Industry (2016-2020)," issued in July 2016, pointed out the need to continue establishing and improving the social service system, product market circulation system, e-commerce system, and effective industry support and protection system. The central government's No. 1 document in February 2017, "Enhancing the Advantage of Tea," and the government work report of the two sessions in March 2018 promoted the development of "Internet + Agriculture," requiring multi-channel increases in farmers' income and promoting the integration of the primary, secondary, and tertiary industries in rural areas [6]. To promote the diversification and innovation of tea sales methods, major e-commerce platforms have actively assisted tea enterprises in hosting early tea festivals to attract internal and external traffic. The government, media, tea companies, and e-commerce platforms collaborate to promote tea sales.

3. ANALYSIS OF THE CURRENT DEVELOPMENT STATUS OF CHINESE TEA E-COMMERCE LIVE STREAMING

3.1. High Threshold for Live Streaming

With the rapid development of the live-streaming industry, e-commerce platforms should set high thresholds for launching live streams to ensure quality and regulate live-streaming behavior [7-8]. For example, Taobao requires merchants to have a total Alipay transaction amount of at least 1,000 yuan in the last 90 days, possess certain customer management capabilities, and have a store credit rating of one diamond or higher. Different industries have different requirements for hosts, so tea merchants who want to launch live streams need to plan ahead to meet these entry requirements. In addition, e-commerce live streaming should not only focus on the quality of the tea itself but also consider origin, craftsmanship, taste, and effects. The live-streaming host's skills and teamwork are also essential to enhance interaction with visitors, increase the number of fans, and improve transaction conversion rates. Effective live-streaming skills are not merely about imitation or repeated practice; they require systematic data analysis and testing to develop. The host's personal abilities directly impact the overall live-streaming effect, and how they handle unexpected events is a crucial test of their competence.

3.2. Youthful User Demographics

Analyzing the age distribution of users, post-90s occupy a significant portion of Taobao's live-streaming users, with women being the main force, accounting for more than 70%. The mainstream consumer group for e-commerce is mainly young people under 35, while tea consumers are typically older and more regionally concentrated, with most over 35 preferring offline tea purchases. Young people under 35 have yet to develop a long-term tea-drinking habit, leading to limited demand for tea. Due to this supply-demand mismatch, the potential of young consumers is not fully realized in e-commerce live streaming. As the 80s and 90s generations become the main tea drinkers, tapping into their consumption potential is a future focus.

3.3. Rigid Live Streaming Operational Models

Price advantage is the core of live-streaming sales. Typically, consumers choose live-streaming shopping because prices are lower than those on offline platforms. Different live-streaming rooms have different prices; the room with the lowest price often attracts more fans [9]. When a host has enough followers, they can negotiate with merchants to secure high-quality, in-demand, low-priced products. Negotiating with merchants is a common offline routine for live-streaming influencers. However, this operational model can result in products with high premiums, high frequency, and low prices becoming bestsellers. Due to the inherent nature of tea products, this is bound to impact marketing effectiveness. Coupled with intense platform competition, the achieved effects often fall short of expectations.

3.4. Serious Product Homogenization

Although there are many types of tea with different flavors, serious homogenization issues exist in packaging. If production materials and origin backgrounds are similar, it is difficult to highlight the core advantages of the products during live streaming, making it hard to meet consumer needs accurately and even complicating their choices. Most teas are still in a state of "variety without a brand." Consumers usually know tea brands by a specific region and type, like Anxi Tieguanyin or West Lake Longjing, but there are many brand products within a single area that consumers know little about, making it challenging for less well-known products to gain traction. Meanwhile, although the industry strives to establish a product evaluation system centered on sensory evaluation, the lack

of practical value makes it difficult to define tea quality. When purchasing, consumers still primarily use price as a criterion, and excessive hype by merchants erodes consumer trust, becoming an obstacle to online tea sales.

4. FUTURE DEVELOPMENT TRENDS OF CHINESE TEA E-COMMERCE LIVE STREAMING

4.1. Continuous Growth of Market Scale

As consumer awareness of health improves and the pursuit of a high-quality lifestyle increases, the demand for tea, a traditional health drink, has risen significantly. Coupled with modern technological support, live streaming e-commerce, with its advantages of direct display, strong interactivity, and convenient purchasing, has gradually expanded the market boundaries for tea[10]. In future development, the tea e-commerce live-streaming market will achieve better outcomes, utilizing this platform to shorten the distance between products and consumers, allowing for direct connections between tea farmers, merchants, and consumers, increasing trust and purchase intention. Additionally, showcasing the tea planting process, harvesting, production techniques, and tasting methods through live streaming can stimulate consumer desire and enrich the shopping experience.

4.2. Rise of Young Consumer Groups

Young consumers pursue a quality lifestyle and unique experiences in consumption, gradually becoming the main force in the tea e-commerce live-streaming market. Young consumers show a desire for high-quality tea, appreciating its cultural connotations through tasting. To meet personalized consumer demands, tea enterprises should continuously innovate. Table 1 highlights that from planting, harvesting, processing, to packaging design, every aspect should strive for excellence. Enterprises should also leverage platforms, using live-streaming e-commerce to help young consumers understand the tea growing environment and production process, enhancing consumer loyalty. To launch more products that cater to young consumers' aesthetic preferences, tea companies can actively explore cross-industry collaborations, integrating tea culture with elements of fashion, art, and technology to meet the dual pursuit of quality and experience, standing out in the competitive industry.

Table 1. Innovation Strategies

Key points	Description
Innovative products	From planting, picking, processing to packaging, each link strives for excellence
Improve quality	Ensure the high quality of tea to meet the taste needs of young consumers
Tell the brand story	Tell the brand story through the live e-commerce platform to enhance emotional resonance
Focus on product experience	Provide a unique tasting experience for young consumers to intuitively feel the charm of tea
Cross-border cooperation	Integrate with fashion, art, technology and other elements to launch innovative products

4.3. Enhanced Product Innovation

To stand out in the fierce industry competition, tea companies must focus on product innovation as a core strategy to solve homogenization issues. In future developments, establishing dedicated R&D teams to explore the diversity and potential of tea is crucial. Continuously developing new products

with unique flavors, health benefits, or innovative forms can attract consumer attention and build a strong brand image. Additionally, conducting regular research to optimize existing products based on consumer needs, adjusting formulas, packaging, and user experiences ensures products remain competitive. Leveraging big data, artificial intelligence, and other cutting-edge technologies, companies can accurately grasp consumer preferences, achieving personalized recommendations and precision marketing, aiding steady development in a complex market environment[11-12].

4.4. Integrated Online and Offline Development

Tea companies can leverage the convenience and wide reach of online platforms, opening flagship stores for sales promotion and using live streaming and short videos to showcase brand features and culture, attracting more potential consumers. Integrated online and offline development is becoming a core trend in the tea e-commerce live-streaming sector. This integration can enhance operational efficiency and market competitiveness through comprehensive, multi-channel layouts. However, building offline experience stores is also an essential part. Carefully designing experiential spaces where consumers can participate in tea brewing processes and taste different teas deepens brand recognition and trust, enriching the consumer experience and fostering emotional connections between brands and consumers. This integrated model, as depicted in Figure 1, truly broadens consumption channels, optimizes resource integration, improves operational efficiency, and reduces costs at the overall level.
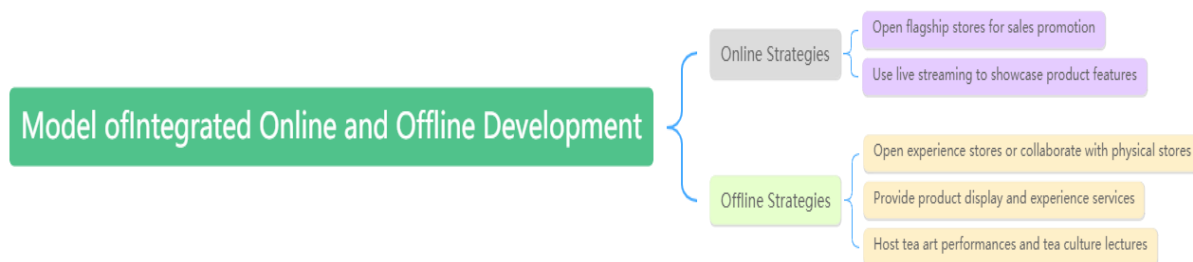

Figure 1. Model of Integrated Online and Offline Development

4.5. Strengthening Tea Brand Building

In the competitive tea e-commerce live-streaming market, the potential value of brand building is undeniable. It represents the company's external image, guiding its forward progress. For instance, at the "2024 China Tea Brand Building Forum," Suzhou Dongting Mountain Biluochun was awarded the "2024 China Tea Regional Public Brand TOP20," highlighting its achievements in brand building. This company understands the importance of brand image, starting from the source, strictly controlling tea quality to ensure every leaf embodies craftsmanship and sincerity. Through coordinated online and offline brand promotion activities, the brand quickly increased its market awareness and gained widespread acclaim[13-14]. The success of Dongting Mountain Biluochun lies in its comprehensive brand-building strategy, focusing on product quality improvement, multi-channel brand promotion, and cultural heritage enhancement, boosting its cultural value and market influence. Meanwhile, digital transformation has provided new growth opportunities, allowing direct consumer reach through new sales channels like live-streaming e-commerce, increasing brand market share.

5. CONCLUSION

In summary, e-commerce platforms, with their vast user base and diverse formats, provide convenience for online tea sales. Collaboration between the government, media, and platforms also promotes marketing upgrades in the tea industry. E-commerce live streaming offers new opportunities

for tea companies' development. However, challenges such as high live-streaming thresholds, weak skills, and supply-demand imbalances persist during live-streaming e-commerce. Therefore, in future development, the tea industry should follow current trends, constantly innovate, adhere to product quality, focus on sales service, and continually innovate live-streaming formats to meet consumer needs.

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