

Analysis on the Business Model of Content E-commerce

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Abstract: With the rise of We Media and the continuous innovation of social e-commerce, content e-commerce has emerged. Nowadays, those who do content are doing e-commerce, while those who do e-commerce are doing content. Content e-commerce refers to e-commerce that uses content as a link to reach people, obtain consumers, and provide consumer advice to guide consumption. There are various forms of content, including text, audio, images, videos, live streaming, and so on. This article analyzes the business model of 'Content + Social E-commerce' based on interpersonal networks and consumer trust by summarizing existing literature and studying existing content e-commerce platforms and their forms. Finally, this article proposes suggestions for increasing platform supervision, innovating content, and improving the platform supply chain to address the current issues about content e-commerce. The article explores how content e-commerce operates and its impact on purchasing behavior, providing certain reference and inspiration for the marketing and development of the content e-commerce industry.

Keywords: content e-commerce, social network, purchasing behavior, user trust

1. Introduction

1.1. The Current Situation and Prospects of Social E-commerce in China

With the rapid development of China's economy and continuous technological updates, more and more offline individual merchants are turning to online operations, and the social e-commerce industry is thriving and expanding in scale. The "White Paper on the Development of China's Social E-commerce Industry (2022)" jointly prepared by China Electronic Chamber of Commerce (CECC) and Shenzhen Consumer Treasure Network Technology Co., Ltd., shows that in 2022, the transaction size of the social e-commerce market reached 2854.28 billion yuan, a growth rate of 20%, significantly higher than the 4% growth rate of online retail sales in China. With the deep integration of network traffic and online shopping software, the transaction scale of China's social e-commerce industry is expected to reach 3416.58 billion yuan in 2023 [1]. Over the past decade, China's social e-commerce industry has attracted large inflows of capital and has seen a rapid increase in the size of transactions.

As of June 2020, compared to March, the number of users of social e-commerce platforms had grown more than 5% in live streaming, short video and online subscriber, according to the 46th 'Statistical Report on the Development of China's Internet', released by the China Internet Network Information Center (CNNIC). The live subscriber base in social e-commerce reached 309 million, an

increase of 44.3 million from March 2020, with an increasing velocity of 16.7%, which made live e-commerce become the fastest-growing personal Internet application in the first half of this year, providing a positive boost to the transformation of traditional industries and the upward mobility of agricultural products. The number of online retail users, with a scale of over 749 million, accounts for 79.7% of the total number of internet users and has remained the top in the global market for seven consecutive years [2]. The e-commerce industry is thriving in China and has played a considerable supporting role in the development of the digital economy; E-commerce shopping has become a mainstream shopping consumption mode.

1.2. New Change: Content + Social E-commerce

The arrival of the new media era has gradually shifted the focus of the internet industry towards socialized platforms. Under the integration of "e-commerce" and "social", social e-commerce platforms have begun to occupy an important position [3]. With the diversification of consumption methods, social e-commerce is also exploring new models based on value sharing. Thus, a new trend of "content + e-commerce" has emerged. Nowadays, many content creation platforms have added shopping functions, while more and more e-commerce platforms that originally focused on shopping functions have added pages for consumers to browse and create content. For example, Little Red Book (Xiaohongshu) has included product links under the article, while the shopping software Taobao has added content pages. From this, content drives purchase through social e-commerce, while social e-commerce promotes the monetization of content. This trend is constantly increasing.

1.3. Research Significance

Content e-commerce is an emerging field with huge research space. According to research records from CNKI, Chinese scholars' research on content e-commerce first appeared in 2016. Besides, most of the current research is focused on traditional e-commerce, and the theoretical study on content e-commerce is still relatively lacking and singular. This article aims to enrich and improve the theoretical research of content e-commerce, deeply explore the operational mode and user behavior of content e-commerce, and provide support for more scholars and content entrepreneurs who want to understand this theory.

From a practical perspective, content e-commerce has great significance for the innovative development of e-commerce operation models. According to the latest report data from Smart Insights, content marketing has been recognized by European marketers as the most commercially influential marketing campaign in 2016 [4]. Moreover, in the era of information explosion, attention has become a scarce resource that businessmen are competing for. How to achieve transactions unconsciously has become a new exploration and thinking in the current e-commerce competition process [5]. As a part of the cultural industry, content e-commerce injects new impetus into the healthy and sustainable development of the tertiary industry and the sharing economy based on social e-commerce.

2. The Impacts of Content for Social E-commerce

2.1. Analysis of Social E-commerce Mechanism

Social network is at the heart of social e-commerce marketing. The continuous and frequent participation of consumers in interactions is the foundation of the formation of social platform [6]. In research of social e-commerce, Yun measured consumers' perception and behavior, and found that consumers' social motivation significantly affects their perceived value perception, which in turn has a positive impact on behavioral intention [7]. One of the reasons why Pinduoduo has successfully

entered the Chinese e-commerce market as a giant is the fission sharing of users and the instant traffic platform of WeChat, which is firmly established based on interpersonal communication. Consumers establish cooperative relationships with other consumers, merchants, e-commerce platforms, etc., share value with each other, and promote consumer purchasing behavior and product word-of-mouth communication. Therefore, the "sharing economy" brought by interpersonal networks is the core operating mechanism of social e-commerce.

2.2. The Benefits of Content on User Trust

The main factor that affects purchasing behavior in social e-commerce through interpersonal networks and content is user trust. User trust, as an intermediary factor in the influence of interpersonal network structure on purchase intention, has the greatest impact on purchase intention [8]. Trust is built on relationships with acquaintances and forms emotional dependence through information exchange. Brand Communication Studies consider interpersonal communication as an important way to shape brand reputation, and among methods of WOM communication, interpersonal communication is the most easily recognized by consumers [9]. Therefore, compared to establishing perceptible intimate relationships between people, user trust for the platform is limited, which means that user loyalty is difficult to maintain.

In response to this problem, on the one hand, the platform can promote purchasing behavior through acquaintance economy [10]. On the other hand, the platform can utilize anchors to establish high stickiness relationships with users, forming a fan economics effect. Research has found that content background, including the matching of product content with scenes, the matching of professional background of anchors with scenes, and the matching of discourse and style of anchors with users' mentality, can positively affect consumers' perceived trust and perceived value, thereby affecting their emotional processes, namely perceived pleasure and "idealized identification," which will further promote consumers' purchase intention [11]. The purpose of scenario dissemination is to stimulate user identification and trust, and guide users' immersive consumption [12]. For example, Jiaqi Li who is a famous anchor, has created a huge and highly dependent fan base by providing consumers with more happiness in their consumption with affordable prices, sincere attitude, and interesting live streaming methods. In 2022, on the first day of pre-sale for the March 8th Goddess Festival, audience in Jiaqi Li's live streaming reached 70 million and sales reached an astonishing 2.825 billion yuan [13]. Therefore, in the operation mode of content e-commerce with value sharing as the core, consumer trust based on emotional identification can improve user satisfaction and user stickiness, promote sustained profitability of the platform, and bring value to consumers.

2.3. Analysis of Content E-commerce Mechanism

Content e-commerce, which is a shopping model that is linked by content and based on social interaction, gives driving force for brand communication in social e-commerce. The content e-commerce operators focus on starting from content, transforming the center from products to users, creating corresponding content based on user preferences, recommending relevant products, and achieving product sales. Personalized services have also emerged [14]. In addition, innovative content forms are also very important. It is not an objective and rational description of a product, but requires the use of images, videos, music, videos, live streaming, and other forms to describe and beautify the product, such as writing attractive copywriting, creating exquisite images, shooting interesting short videos, etc. Through this form, users are guided by the content to immerse themselves in the ideal usage scenario of the product, which promotes purchasing behavior. Little Red Book is the most typical content e-commerce in China, focusing on sharing value with consumers through content. In 2016, in the face of the weakness of online content, Little Red Book began to add Professional

Production Content (PGC) and Professional User Production Content (PUGC). More and more opinion leaders were active in the community, expanding the boundaries of community content. At the same time, the addition of the "Thousand People with Thousand Faces" algorithm made the matching of platform content with user needs more accurate. In 2017, the platform began inviting celebrities to settle in, and the daily content sharing of celebrities met the entertainment and practical needs of a large number of users [15]. Driven by interaction, trust and traffic, content e-commerce attracts consumers and promotes purchasing behavior by producing and optimizing content to gather traffic.

3. Suggestions for Improving Content E-commerce

Firstly, increase supervision for content quality and platform. Content e-commerce is a product of traffic economy, so it is inherently plagued by the need for traffic economy to quickly monetize traffic, which can easily lead to traffic fraud, such as invisible and false advertising [16]. Such as the "Filter Event" in Little Red Book. Under the guise of filters, the chaotic tourist attractions and low-quality goods have also become attractive [17]. Besides, the lax content review has also led to privacy breaches. For example, The privacy leakage incident of minors in Little Red Book [18]. Therefore, e-commerce platforms must strengthen content review, adhere to the principle of "authenticity", and expose and warn illegal content; E-commerce platforms should also optimize platform content strategies and operational models, improve user experience and satisfaction, and increase user trust. Secondly, content e-commerce needs to pay more attention to optimizing and innovating content. According to data from iiMedia Research, content homogenization accounts for the highest proportion in issues of Chinese live streaming/short video platforms, with a proportion of 61.9%; Next, the low quality of anchors/internet celebrities accounts for 59.2%; Large number of pop-up ads, low content quality, and low supervision account for 49.3%, 39.6%, and 32.4%, respectively [19]. The homogenization of content has led to a decrease in user experience and e-commerce monetization ability. Accordingly, content e-commerce needs to seize the internet hotspots for marketing, provide more professional and trustworthy content, emphasize humanistic care, and enhance user experience and trust.

Finally, content e-commerce should improve its supply chain system. With the rapid growth of content e-commerce users, issues in inventory and delivery of goods are gradually emerging. For example, TikTok's outstanding advantage is its traffic, but its obvious weakness is the supply chain. Because TikTok lacks the ability to undertake and manage the supply chain, its low-price strategy often leads to the inability of the anchor to provide adequate assurance for quality of the products and after-sales service. In addition, the impromptu purchase behavior of fans often triggers the sales of a certain item in a short period of time, but this sales volume has great uncertainty, posing great challenges to the supply chain product supply [20]. Therefore, content e-commerce should strengthen the improvement of the entire supply chain and build a more efficient logistics system; What's more, operators need to keep a close eye on the market situation, make predictions for popular products, and prepare in advance to prevent stock outs.

4. Conclusion

Against the backdrop of consumer upgrading and we media developing, content e-commerce has become a new trend in e-commerce industry. Meanwhile, as a new field, research on content e-commerce is innovative and interesting. This essay conducts research on existing content e-commerce platforms. Above all, research has shown that interpersonal networks and user trust are core factors in social e-commerce, playing a positive role in promoting consumer purchasing behavior and decision-making. Next, content e-commerce establishes mechanisms for providing personalized

product recommendations and high-quality content, thereby enhancing users' purchasing desire and consumption experience. Finally, based on the above research, this article proposes some suggestions for content e-commerce. Firstly, content e-commerce platforms need to increase supervision over content quality and platforms to ensure that users can access authentic and valuable information. Secondly, content e-commerce should focus on optimizing and innovating content, providing diversified and personalized content. In addition, content e-commerce should also improve the supply chain system, ensure the quality of goods and fast delivery services, and enhance users' shopping experience.

This essay aims to provide more theoretical content for scholars who want to understand the theory of content e-commerce, provide reference for content entrepreneurs and e-commerce platform merchants to innovate their operational models. Research on e-commerce can help enhance user engagement and shopping experience and promote innovative development in the social e-commerce industry. However, there are still shortcomings in the research of this essay. Due to the complex scale and types of content e-commerce platforms, it is difficult to obtain targeted, accurate, and comprehensive data, as well as find suitable models for research. Subsequent research will select representative content e-commerce platforms to collect more data and cases to improve the professionalism of the research.

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