

"East Buy": A Study on the Path of a Novel E-commerce Live Streaming Sales Model

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Abstract: With the widespread adoption of the internet, e-commerce live streaming has become a crucial marketing tool for various e-commerce platforms. However, the lack of innovative and homogeneous live content, coupled with a uniform style among hosts, has led to a gradual decline in the advantages of e-commerce live streaming for users. Consequently, businesses and hosts are compelled to explore new live streaming models. This paper conducts a path study on the "East Buy" novel e-commerce live streaming sales model, proposing the establishment of a new consumer concept—consumerism as a cultural identity. By utilizing a logic that combines knowledge and product-based live sales, employing multiple platforms and channels for sales, and creating a completely new live streaming ecosystem, this research offers a reference path for the development of the live streaming industry.

Keywords: Live streaming sales, cultural output, East Buy, interest-based e-commerce

1. Introduction

According to the "2022 China Live E-commerce Market Data Report," in 2022, the scale of the live e-commerce industry reached 18,700 enterprises, with a user base of 473 million people, and a transaction volume of 35 trillion yuan. The per capita annual consumption in the live e-commerce industry was 7,399.58 yuan, marking a year-on-year increase of 59.48%. Leading live e-commerce platforms in the current market include Taobao Live, JD Live, Douyin (TikTok), Kuaishou (Kwai), and Xiaohongshu (RED). Each of these platforms has a unique live streaming sales model. When comparing the GMV (Gross Merchandise Volume) of these major e-commerce platforms, Douyin Live's transaction volume reached 1.41 trillion yuan in 2022, representing a 76% increase from the previous year, distinguishing itself in the crowded live e-commerce market.

New Oriental, a leading enterprise in the education sector, responded to the demands of the times by launching the live streaming sales platform "East Buy" on the Douyin platform on December 28, 2021, at 8:00 PM. In less than two years since its launch, East Buy expanded from a single account to eight, amassing over 40 million followers. As of November 2022, East Buy's self-operated product offerings encompass 65 categories, achieving a GMV of 4.8 billion yuan and total revenue exceeding 1 billion yuan, constituting 85% of the company's overall business. East Buy's success has garnered attention from major domestic media outlets, earning coverage in "China Youth Daily," "Xinhua Daily," and "Southern Daily," making it the most distinctive live streaming sales platform currently in operation.

This paper delves into the novel live streaming sales model established by East Buy, exploring how it has maintained its competitive edge and continued to stand out in the intense competition within the e-commerce live streaming industry, addressing the questions raised above.

2. Redefining a New Model for Live Streaming Sales

(1) Breaking Away from Traditional Live Streaming Sales Models: "Persuasive" Consumption

When we think of live streaming sales, our minds are often filled with exaggerated language and over-marketed phrases like "3, 2, 1, click the link" or "Everyone, buy it." [1] The first-generation hosts like Li Jiaqi and Xinba often employed a "persuasive" sales model in their live streams. They repeatedly emphasized the product's features and characteristics, appealing to consumers' specific pain points, and inducing them to desire the purchase. In this process, consumer purchase decisions are heavily influenced by the atmosphere in the live stream and the hosts' persuasive language, resulting in a sense of being convinced and compelled to make a purchase.

In traditional e-commerce live streams, hosts use words like "OMG! Buy it now" and "lowest price on the whole internet" to persuade consumers, lacking logic and substance. This not only fails to convey the product's brand value but also leads to impulsive buying, causing consumers to feel anxiety and regret after their purchase. This "persuasive" style of consumption reflects the spiritual emptiness and a lack of personal values and cultural identity among consumers.

As East Buy host Dong Yuhui (formerly a renowned English teacher at New Oriental) once said when selling rice, "I'm not just selling rice; I'm selling the essence of life, discussing the three meals a day and the changing seasons." With these words, the live stream quickly gained popularity, marking the beginning of East Buy's distinctive approach.

(2) Establishing a New Consumer Concept: Chinese Cultural Identity-Based Consumption

With the success of China's supply-side structural reform, people's living standards have continuously improved. Basic consumer needs have been mostly satisfied. East Buy's oriental education-centered live streaming sales model no longer focuses on fulfilling consumers' basic needs but, instead, starts from the perspective of providing a cultural and spiritual experience for users. It connects with Chinese traditional cultural knowledge and promotes positive values. [2] Within East Buy's live streams, the reiteration of culture and knowledge is not only catering to modern education anxieties but also helps fans develop a specific cultural and identity affiliation. As a result, products gain a distinctive cultural significance, and individuals express their taste in society through the products they choose. Imagine, while other hosts are aggressively promoting corn at a low price, an East Buy host says, "When grains are cheap, it harms the people," or when selling peaches, they quote, "The peaches are tender and radiant; the son is returning home, suitable for a home and a family." When selling iron pots, they say, "This is the mouth of a greedy child, the busy hands of a mother, the worried face of a father, and the longing heart of an elder waiting for a child's return." This approach allows consumers to appreciate the rich cultural heritage and arouses a sense of cultural confidence, emotional resonance, and deep identity, igniting the desire to purchase.

As Dong Yuhui puts it, "The essence of sales lies in knowledge and communication, and culture is the soul of live streaming." This is precisely what East Buy is doing—conducting "sentimental" and "knowledge-sharing" slow live streams, resulting in a high level of engagement and interaction among consumers during the cultural and knowledge learning process. Through interactive knowledge sharing, the values of East Buy are subtly conveyed to each user, creating a strong sense of social presence and identity in East Buy's live streams.

(3) Establishing a New Live Streaming Sales Model: "Knowledge + Product" Sales Model

In the past, traditional e-commerce live stream hosts were often market salespeople or brand promoters. However, the host team at East Buy consists of highly educated former teachers from New Oriental with broad knowledge and cultural literacy. Unlike the cluttered live streams of traditional

e-commerce, where an abundance of products and various banners overwhelm viewers, East Buy's live streams consistently feature a pen, a whiteboard, and a product throughout. While presenting the product, they also narrate the stories and cultural context behind it on the whiteboard. Sometimes, they switch between languages to introduce the product, using verbal communication, written text, storytelling, music, and other means to explain. They seamlessly incorporate poetry, song lyrics, geography, humanities, and life philosophy into the live streams, creating an atmosphere rich in culture, distinct from the "vulgar, tasteless, and noisy" approach of other live streams. This sales style, like a refreshing stream, combines product sales with knowledge sharing, ushering in a brand-new "knowledge + product" sales model. It transforms the traditional e-commerce purchase process from "need-search-purchase (trust)" to "interest-identity-purchase (trust)," establishing a new model for live streaming sales. [3]

Regarding product selection, East Buy has been transparent about its selection logic since its launch, focusing on high-quality agricultural products. Given the rapid development of e-commerce marketing in the category of agricultural products, the government's annual Central Document emphasizes the development of rural e-commerce and rural revitalization, as part of the strategy to alleviate poverty. Therefore, East Buy has remained committed to its initial mission of supporting poverty alleviation and helping farmers, choosing high-quality agricultural products to provide tangible benefits to rural communities. This selection logic has resonated with consumers, fostering emotional interaction and shifting consumer behavior from a profit-oriented perspective to one based on patriotism and the love of home.

3. Creating a Distinctive Live Streaming New Platform

(1) Continuing the Brand Culture and Values of Education

New Oriental has always been a well-known brand in the education and training industry. As a subsidiary of New Oriental, East Buy continues to use the core word "education" in its brand name. The leadership and staff also continue to leverage the educational expertise of New Oriental. At the end of 2021, with the introduction of the "double reduction" policy, many educational institutions faced bankruptcy and liquidation. Yu Minhong, the Chairman of New Oriental, donated 80,000 brand-new desks to rural schools and refunded all student fees. It is this outstanding personal image and the reputation of the New Oriental education core that has given New Oriental the capital for a resurgence.

In December 2021, New Oriental launched its live streaming platform, East Buy. Historically, New Oriental has been committed to a people-centered, educational approach to create a creative and educational brand. [4] East Buy, too, continues New Oriental's brand culture and values, upholding its original mission of supporting and helping farmers while providing consumers with high-quality agricultural products. It also continues the roots of education by imparting knowledge. While many are focused on increasing sales in their live streams, East Buy subtly conveys its brand values to each user through the exchange of knowledge.

(2) Building a Multi-Scene Live Streaming Matrix

In the early stages of live streaming e-commerce, most live streams offered a wide variety of products without clear vertical attributes. As consumer expectations have risen, consumers are increasingly interested in the quality of live stream content and products. The "department store" style of live streaming is no longer as popular among consumers. As a result, verticalization has become an inevitable trend in the live streaming industry. Selling products of a single category makes it easier to gain consumers' trust, and the concept of live streaming matrices has emerged. A matrix layout allows targeting different product categories, introducing more products to consumers in a short period, and seeking synergies in various areas. [5]

Entrepreneur and speaker Luo Yonghao's "Make a Friend" was one of the earliest MCN companies to venture into live streaming matrices. After achieving a significant fan base with the "Make a Friend" live stream, they expanded to over a dozen sub-accounts, such as "Make a Friend Sports & Outdoors," "Make a Friend Home & Lifestyle," and "Make a Friend E-commerce Academy," in response to the vertical and segmented trend in the live streaming e-commerce industry. With the success of East Buy's Douyin account, New Oriental also followed suit, swiftly launching a series of live streaming matrix accounts, including "East Buy Flavorful Life," "East Buy Store," "East Buy Beautiful Life," "East Buy Books," "East Buy Wine," "East Buy Seeing the World," "East Buy Self-Operated Products." As of September 2023, East Buy has eight accounts covering various categories such as food, cosmetics, culture, travel, and liquor, with a total of over 40 million followers. In this matrix account system, the platform tailors content based on user profiles and decentralized algorithms to enhance user engagement. Precise account labels also attract more potential consumers.

Table 1: East Buy Matrix Accounts

Matrix Accounts (Updated as of August 2023)				
Matrix Account	Platform	Positioning	Launch Date	Followers
East Buy	Douyin	Main Account, Agricultural Product Live Sales	December 28, 2021	30.88 million
East Buy Beautiful Life	Douyin	Lifestyle and Quality Products Live Sales	July 11, 2022	3.708 million
East Buy Self-Operated Products	Douyin	East Buy Self-Operated Products (Retail, Agricultural Products) Live Sales	Coming Soon	2.109 million
East Buy Books	Douyin	Book Sales Live Sales Platform	February 21, 2022	4.343 million
East Buy Seeing the World	Douyin	Culture and Travel	Coming Soon	3.230 million
East Buy Wine	Douyin	Liquor	November 2, 2022	803,000
East Buy Flavorful Life	Douyin	Yu Minhong's Life Philosophy	Coming Soon	771,300
East Buy Store	Taobao	Agricultural Products + Lifestyle Products	August 29, 2023	2.714 million

4. Sustaining Expansion - Restructuring the People, Goods, and Scene Value Chain

(1) Differentiated Anchors

For East Buy, their anchors are predominantly former substitute teachers from New Oriental, and they possess substantial teaching experience and a wealth of knowledge. Their articulateness and knowledge make these teachers well-suited for the role of anchors. When introducing products, the anchors often incorporate English knowledge, geographical information, historical anecdotes, and classical poetry and literature based on their cultural knowledge. This enriches the live streams with cultural elements, a teaching-by-entertainment approach, and is highly favored by consumers. The core competitive advantage of the anchors behind East Buy is a continuation of the strengths of New Oriental, leveraging their teaching staff and knowledge value.

Traditional e-commerce live streaming often involves one core anchor and two supporting anchors. However, this reliance on a single anchor can be risky, as the entire live stream might be at risk if the

core anchor faces issues. [6] Therefore, East Buy has chosen to avoid relying on a single core anchor. Instead, they use a team of anchors who collaborate and take turns leading live streams. Each anchor has their own distinct personality and style, leading to differentiated live streams. The five most famous anchors among them have been humorously referred to by netizens as the "Five Great Bands of Zhongguancun."

(2) Brand and Supply Chain

Before the advent of new retail, the offline retail industry operated from production bases to brand manufacturers, then to distributors, entering large retail stores before reaching consumers. The introduction of e-commerce platforms disrupted the traditional consumption path, allowing consumers to access any part of the chain, weakening the roles of distributors and retailers. The middleman's profit disappeared, giving consumers more choices and reducing their expenses. [7] However, with more choices, how can consumers distinguish high-quality and cost-effective products from the vast array of goods? Live streaming e-commerce solves this issue by helping consumers make informed decisions through rigorous product selection by MCN agencies and promotion by anchors. Nevertheless, if the MCN agency makes a mistake, it can damage the reputation of both the anchor and the platform.

In East Buy's live streams, the products are primarily the result of collaborations with brand partners. The anchors are responsible for sales and audience engagement, while product quality control is of paramount importance. East Buy's product selection standards are based on four aspects: quality, design, practicality, and environmental friendliness. Before introducing products in the live streams, the East Buy anchors personally test and evaluate the products they sell, aiming to provide consumers with high-quality, reasonably priced products. For instance, during the "East Buy Sichuan Tour" live stream in June 2023, anchor Dong Yuhao revealed that the product categories featured not only basic agricultural products but also Sichuan's distinctive delicacies, seasonings, local furniture brands, and cultural and creative products from Sichuan. They conducted inspections and trials of these brands in advance. At the same time, East Buy plans to promote self-operated products and establish its own brand. East Buy CEO Sun Dongxun mentioned that currently, East Buy does not have its own supply chain, so building one is necessary for ensuring product quality. In the future, East Buy is attempting to establish its own supply chain to provide self-operated products while reducing costs.

Regarding product distribution and logistics, East Buy has already partnered with many top domestic logistics companies, including Shunfeng and JD, and plans to establish 20 self-operated product warehouses, ensuring nationwide logistics support for self-operated products.

(3) Platform Diversification

"Scene" refers to the context of consumption, and for East Buy, the scene refers to the live streams and platforms. Initially, New Oriental chose Douyin, a short video social platform, to create East Buy's live streams. Douyin is one of the most popular short video content platforms. Users on Douyin can be both content creators and consumers. The platform analyzes user profiles to understand their interests and recommend content accordingly. East Buy releases different types of videos on each of its accounts, allowing users to choose what to watch based on their interests and needs. In 2018, Douyin introduced "Douyin e-commerce," which links products to short videos, allowing users to purchase products by clicking links while watching videos. In 2019, Douyin officially launched live streaming e-commerce, enabling real-time interaction between users and anchors for showcasing and selling products.

Currently, East Buy operates on six different matrix accounts on Douyin, to some extent, relying on the Douyin platform. However, East Buy is increasingly eager to establish a new ecosystem. Yin Qiang, New Oriental's CFO, stated, "Since East Buy started live streaming sales on Douyin, they have also begun to position themselves for multi-platform, multi-channel sales." On July 4, 2023, East Buy

launched an app, available for download on both Android and Apple app stores. On August 21, 2023, East Buy decided to join Taobao and started forming a Taobao live streaming team. Currently, East Buy has a presence on various platforms, including WeChat, Xiaohongshu (Little Red Book), Taobao, Tmall, JD, among others. Although East Buy's expansion owes much to Douyin and the support of various platforms, it is primarily driven by its content and brand values. In the future, East Buy will focus even more on high-quality and differentiated content, multichannel live streaming, meeting consumer demands, and establishing a "distinctive" live stream, leading the development of new directions in live streaming e-commerce.

5. Conclusion

This paper has critically examined the phenomenon of "East Buy" going beyond its initial confines. It offers new insights and considerations for enterprises in need of business innovation. Faced with the current homogenization of live streams and subpar content quality, businesses should learn to swim against the current. They should focus on producing high-quality live content, emphasize guiding principles and values, foster differentiation, and promote the diversification of the live streaming industry.

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