

What's the deal with live streaming in China?

原创 2016-10-16 WalktheChat WalktheChat

Tencent recently announced the release of a drone which will enable to live-stream videos to WeChat. Many of us are quite underwhelmed by drones which mostly seem like fancy toys for grown-ups.

But there's something more to this announcement: the hint that WeChat is getting into **live streaming**. The space is literally booming in China. How is WeChat going to be part of it?

Live streaming in China

Let's first look at how live streaming works in China.

In order to test it out, I installed the largest live streaming APP in China, Inke, and opened a stream. The stream lasted a few minutes, during which I ate a huge heart-shaped cookie. Nothing remarkable there.

One thing blew my mind: **people started donating money**. During the few minutes of the stream, I earned 6.69 RMB which I redeemed a few minutes later via... WeChat.



Inke requested me to follow their public account, and sent me my “salary” as a red envelope.

So, how did I make money through live eating a cookie?

- Viewers sent me “digital gifts” (stickers which they paid for and appeared on my screen)
- They mostly did so to catch my attention
- 30% of the money they spent was redistributed to me
- 70% of the digital gifts money was kept by Inke as a commission fee

If my income on this session was modest, it’s not the case for all live streamers. The most active users can make up to \$20,000 USD per month through live streaming.

Today, more than 200 live streaming APP’s exist in China. Their features are all very similar, and all of them tend to meet the same urge: a need for connection, acknowledgement and to get rid of boredom.

Who is live streaming?

It will not come as a surprise: although 80% of live streamers in China are female, they make up only 20% of the total user base (according to a survey of 1500 livestreaming hosts conducted by Today's Internet Celebrity).

That majority male audience makes sense given the origins of live streaming: the industry started with gaming on platforms like YY. When female users started streaming themselves, they received a lot of attention from the gamers.

The genius of YY was to introduce digital gifts into the platform in order to encourage and monetize the flirting behavior on the platform, while creating the necessary control mechanisms preventing users from misbehaving.

Viewers are also widely spread across China (source: Talking Data)

- 11% in Tier 1 cities
- 34% in Tier 2 cities
- 55% in Tier 3 cities

Digital gifting is therefore a way for people living in smaller cities to “purchase” access into interactions which would otherwise be inaccessible.

Let's now take a closer look at this market and its main players.

The live streaming market in China

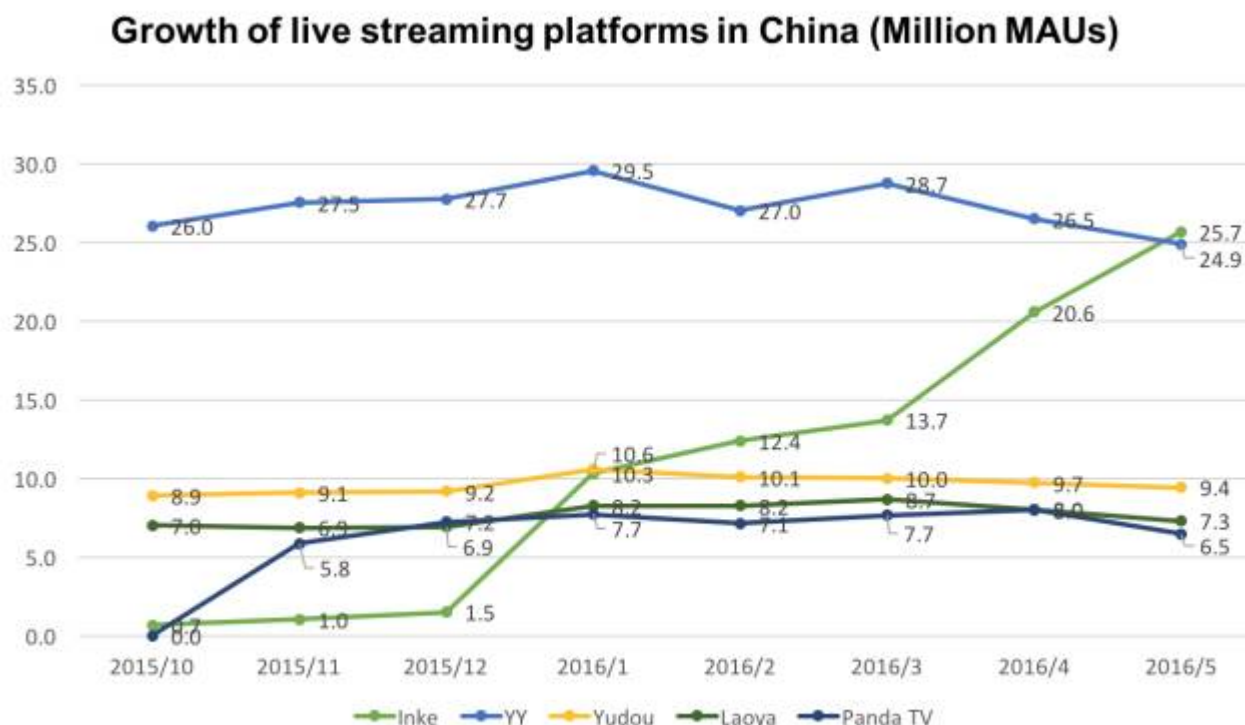
Live streaming in China is literally booming, with a myriad of companies fighting for this space. Here are some of the prominent ones.

- **Yinke** is the leader in the live streaming market in China. It's the number one Live Streaming APP in China. As of October 14th, it was just ahead of QQ and below Alipay in terms of downloads on the Apple Store. And trending up.

16		支付宝 - 让生活更简单 Alipay.com Co.,Ltd	
17		Inke—Broadcast an ama... yousheng feng	▲1
18		QQ Tencent Technology (Shen...)	▼1

- **Douyu** is a competitor to Inke which received investment from Tencent as part of their series C 226 million USD funding round
- **YY** is a longer-term player in the live streaming world. It also had around 25 million users as of May 2016 but its MAU are stable or declining.
- **Panda TV** is a similar live streaming APP mostly used for live gaming (similar to Twitch in the West).

Over the last year, these APP's have seen tremendous traction, with an incredibly aggressive growth strategy from the now market leader, Inke.



Source: Quest Mobile, http://www.questmobile.com.cn/blog/blog_54.html, WalktheChat analysis

Inke stands out by having also a very aggressive revenue generation strategy, taking 70% of streamers income (as opposed to 10% for some of the other platforms), which enables it to re-invest heavily into new users' acquisition.

How will WeChat impact live streaming?

WeChat streaming will likely have the same impact in live-streaming space that Facebook live had in the West.

We can make the following predictions:

- **WeChat live streaming will not replace existing APP's like Inke.** It will complement it
- **WeChat will be used to live stream to your existing following** and friends, while Inke will still be used to broadcast to strangers and extend new users acquisition
- The arrival of WeChat in the live streaming space will increase awareness beyond early adopters, and **WeChat will actually make the whole live streaming pie bigger**, including for Inke and its competitors
- WeChat will make it easier to **turn live stream audience into WeChat**

followers, therefore making it easier to create long-term engagement

What does it mean for brands?

In short, it means that live streaming is big today, and will get bigger tomorrow.

Some brands already saw huge success through live streaming, such as Maybelline which sold 10,000 lipsticks within 2 hours during Angelababy's livestream.



For consumer products like fashion and makeup, live stream is a perfect channel. But this approach can be extended to other type of products and services. Just keep in mind:

- Stay focused on your users and their comments. Live stream in China is not a webinar: it is a true interactive format where **the direction of the conversation should be driven by the audience** rather than the presenter
- It might be tempting to try to reproduce Maybelline's success and sell

directly through live streams. This approach won't work for all industries though. **Think up how live streaming can be part of a more complex conversion funnel:** take users from live streaming to WeChat and keep educating them and engaging them on the longer term.

Happy streaming!

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