Marketing Mix Applied to a New Generation Business: A Case Study of Audio Livestream in China

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Abstract

Today, the online entertainment service industry has provided a huge business opportunity for people around the world, especially attracting many young people who have little capital but wish to start their first business online. In this research study, the author utilized her own online business experience to explore how a business operates on an entertainment service platform. McCarthy's 4P marketing mix is applied in this paper to contribute to a better understanding of product, price, place, and promotion in an audio livestream business. An online live concert hall operated by the researcher is the analysis subject in this study. Based on the 4P marketing mix analysis on this subject, the study outcome with some practical marketing strategies might be beneficial to entrepreneurs seeking to develop a successful online business.

Keywords: Online business • 4P Marketing mix • Audio livestream • Online live concert hall • Marketing strategy

Introduction

In this decade, as internet services and equipment have become widespread in developed countries, many traditional businesses have transformed into online businesses. In the past, people used to purchase goods in department stores, supermarkets, shopping centers and other retail stores. Nowadays, younger consumers enjoy purchasing goods or entertainment activities through online shopping and entertainment service platforms. By 2005, internet demand began to transition to social entertainment, and live broadcasting had advanced significantly. After more than ten years of rapid development, enterprise live broadcasting service providers have maintained openness and gradually improved the industry ecology. Accelerated by the pandemic, the industry transformed from live broadcasting platforms to enterprise in-depth application service providers, integrating big data, AI, 5G and other technologies, which has created more refined and customized services. In China, online audio livestream is popular among young people and has become one of the new generation businesses.

With the advancement in the industry and the author's personal interest in broadcasting live singing, the author purchased an online virtual singing hall from a China App platform called HuiWan and started running an online pop-song live concert hall, which was very similar to a live music bar. The author recruited several pop-song singers to stand by online with multiple song lists. Then, a paying customer could pick one or several singers to sing songs from the provided list. To improve the operation of the online live concert hall, the author utilized McCarthy's marketing mix to set up some practical marketing strategies [1].

Methodology

Audio livestream in China

In China, audio livestream can be traced back to 2008. The first app, called YY Voice, introduced a new way of broadcasting that was strictly audio. However, no further development occurred until 2016, when different livestream apps started to developed branches of audio livestream. In 2017, MoMo was launched: The first app made for audio livestream. After that, the market for audio livestream began to develop rapidly. Some apps are designed only for a specific target market. For example, the HuiWan app is designed for audiences under 30 years old with a need for making new friends [1]. According to iiMedia Research, 2021, the number of users in the audio livestream industry in China reached 0.69 million in 2016 and 2 million users in 2020. This is a 62.3% growth rate [2].

Different from traditional livestream, audio livestream is still at its primary stage of development and still has a lot of potential ahead. Audio livestream basically means that users can listen to live audio such as singing, having conversations or playing games. Also, both users can have real-time interaction. Sun indicates that while voice livestream is still a subdivision of the whole livestream industry, it can be divided into different methods of audio livestream [3]. There are three mainstream modes: One to many modes, one to eight modes, and one to one mode shown in Figure 1. Different modes serve different purposes and are used under different circumstances. Voice livestream can also be divided according to the content of the broadcast. For example, there's pure chat, singing, radio FM, entertainment, story (audiobook), etc.

Marketing mix

Marketing mix theory is a fundamental business concept and a useful tool for people who seek a way to manage their companies. The concept of marketing mix was first introduced by McCarthy in his book, "Basic Marketing, A Managerial Approach" [4]. McCarthy identified four main factors that must be analyzed for marketing purposes: Product, price, place, and promotion [5]. Low and Tan indicated that analyzing the marketing mix provided at least two benefits for a business [6]. One benefit is to help marketing managers find the right pitch for their product needs and to create competitive strengths in the marketing mix against the benefits of others. The other benefit of the marketing mix is by analyzing the four factors, managers will be able to vision more comprehensively and to allocate available and suitable resources among different demands. Moreover, Palmer urged managers to utilize the marketing mix to develop both short-term tactical plans and long-term strategies [7].

Product or service

Kotler identified products as the outcomes of a company [8]. Products include physical objects, services, employees, places, organizations, beliefs, and ideas as a whole to satisfy customers' desires and needs. All marketing activities begin with the product. Then, based on the product, the strategies of price, promotion, or place can be developed. Products can be tangible or intangible. Fryar pointed out tangible products were actual goods that people can see, touch, and feel [9]. Intangible products-services-are outcomes that

Figure 1. Three mainstream modes in China (Resource: Sun, 2020).

can meet customer's satisfaction or expectations, such as convenience, entertainment, efficiency, or expertise but no hard good.

Products are essential to the profits of a company. To ensure product quality, accessibility, satisfaction, and loyalty, Abrams urged managers to first identify the company's product lifecycle and gather information from customer surveys and competitors' product research. Then, based on those data, managers can set up short-term and long-term product improvement strategies [10].

Price

Pricing a product involves the cost of materials, product uniqueness, competition, supply and demand, and the customer's perceived value of the product [11]. If the product is overpriced, consumers will turn to purchase similar products from competitors. On the other hand, if the price is set too low, not only would it affect the company's income, but also consumers might suspect the quality of the product. The company must consider the impact when adjusting the price of the product. A price change will directly affect the promotion strategy as well as the impact on the sales and demand for the products. Thus, Eckert noted that the pricing strategy should include consideration of fixed and variable costs, product lifecycle, company objectives, compatible product price range, and target groups' willingness to pay [12].

Place

Place is the location where a product is delivered to buyers. Places could include distribution channels, such as stores, both physical and online, and any other means by which the company can reach their target customers. A distribution and environmental survey will help ensure products are available at the right location and at the right time [7]. Evans, et al. also mentioned that distribution includes all activities that enable the delivery of tangible and/or intangible goods from one economic subject to another [13]. Coyle, et al. indicated distribution channels could be divided into direct and indirect channels [14]. In direct channels, companies sell their goods directly to individual buyers. For example, companies set up their own physical store or online store to sell their products. In indirect channels, companies distribute their goods to various retail marketplaces, such as chain stores, supermarkets, audio/video shopping channels and online shopping platforms.

Promotion

Promotion includes all the company's activities undertaken to introduce, advertise, communicate, and expose its products to the target markets [8]. The goals of promotion are to persuade the target market to buy the company's products and to enhance the products' popularity and loyalty. Kotler, et al. urged that companies should well utilize the promotional mix to meet their promotion goals [15]. The promotional mix includes traditional advertising, personal selling, sales promotion, public relations, social media and

e-commerce. Companies use paid advertisements to create awareness and to reach a bigger audience. Personal selling is face-to-face sales presentations face and getting people to try products. Sales promotion consists of price discounts, various types of sales, or giving out samples, which is only suitable for a short-term marketing campaign to gain buyers' attention and encourage purchases by potential customers. Newspaper and print coverage, seminars, or speeches are in the category of public relations. Finally, since the internet is widely used by most families, promoting products through social media such as Facebook, YouTube, QQ, Telegram, WhatsApp or Snapchat can be very powerful. Moreover, promotion on e-commerce sites such as product reviews on Amazon, e-bay and other online shopping platforms could gain more loyal customers.

4P in Audio livestream

The product is the "item" that a user wants, including tangible and non-tangible items [8]. Since an audio livestream platform is in an online platform or app, the products of audio livestream are mainly in the category of service, which is non-tangible. The service includes playing games, listening to a live streamer sing, or having real-time interactions with the live streamer. A good product efficiently communicates the selling proposition to its target customers Robicheaux [11]. The reason the "product" for audio livestream is unique and sustainable is that the user creates a relationship with the live streamer they like, so they will continue to give donations through the app to the streamers. The requirement of live streamers varies with the types of service provided. For example, in the music category, the streamer needs to have the ability to sing and even play instruments. On the other hand, in the entertainment category, the streamers need to be humorous and be able to entertain the users.

The place for people to enjoy an audio livestream is the app that they download onto their personal computers or smartphones. Popular livestream apps in the United States include TikTok, Twitch, Instagram Live, Tango, Liveme, LinkedIn and so on. In China, popular live and game streaming platforms are Kuaishou, Douyin, Bilibili, MoMo, Douyu, and HuiWan. Most apps are applicable for Android smartphones and Apple iPhones as well as for Windows-based and Macintosh computers. Livestreaming apps are mostly free. However, streamers or viewers might be required to pay certain fees for renting online spots or for participating in games or other online activities. Some platforms are free of charge for performers, such as YouTube, LinkedIn, Twitter and TikTok. Other apps, such as UScreen, Amazon Live and Wowza, might require some set-up or exclusive service fees. To attract more people to use the online apps, the platforms need to do market segmentation and focus on their specific advantages of being user-friendly, easy to set up, and having powerful functions or various interactive activities. Moreover, word-of-mouth advertising can be very successful when the end-users experience something beyond their expectations.

Results and Discussion

Online live concert hall

Since live broadcasting can break time and space constraints and provide real-time and global services for all activities inside and outside, it has become a popular form of entertainment, especially during the pandemic. This growth provides a positive entrepreneurial environment for the author's online live concert hall. To get familiar with the audio livestream industry, the owner began with a lot of market research and found pros and cons in the various live broadcasting platforms. For example, more customers follow bigger platforms, which can attract many users to register. Therefore, the future development is high. However, these platforms take high commissions, and the investment is also high (buying a room number).

Relatively speaking, the number of followers of smaller platforms is lower, which leads to uncertain future development. However, the platforms take a lower commission, and the early investment is lower. In the beginning, the author did not have a lot of start-up capital, so the author chose a small platform on which traffic was on the rise, and early investment was very low. With the rapid development of the live broadcasting industry, huge capital dividends attract many start-ups to enter the track, and the number of participants continues to increase. Of course, it is also necessary to analyze customers and their needs (recruit different types of singers according to customer's listening preferences). To start, the author bought a room number in the singing hall on a voice live broadcasting platform called HuiWan and then recruited online singers to form a singers group. The concert hall is open every day. The voice platform users enter the concert hall to order songs they want for any singer they like and pay for them. The author, the concert hall owner, earned a commission for every song ordered. In the beginning, the following was low, and there were no customers to order songs. To overcome this struggle, the author applied the 4P marketing mix strategy to find out the strengths and the weaknesses of the live concert hall. After a one-month implementation of the marketing strategies, the business got better, and the investment cost was fully returned. Now, an average of 20 songs is ordered in every two-hour session, which creates approximately $800 RMB income per session.

Product of live concert hall

Since HuiWan app users come into the online live concert hall to listen to songs and enjoy the entertainment, singing performance, songs, and services will be the major products of the online live concert hall. Currently, the hall recruits fifty-seven singers, and every singer prepares 30 songs in his/her song list. A total of 1710 songs in the menu can be chosen by the users. However, only seven singers can perform their singing in a two-hour opening session due to the size and the time limit of the hall. Currently, the average number of song orders per day is about ten songs per hour: in other words, about 20 songs per session. Since the author is still a high school student, three sessions are operated every day. Although the hall is open only six hours, 2400 RMB stable income is received every day.

Place of live concert hall

The HuiWan app launched in China in 2014 and originally provided a social online game called "Who is the undercover?" for young people to role-play in the game and to interact through conversations with each other. Gradually, the HuiWan app developed five interactive services: The homepage game, the voice room, the message page, the discovery page, and the personal information page. The voice room contains the function of audio livestream. The voice room allows users to purchase an online space and to run a live concert hall individually. Thus, the author's concert hall is one of the singing halls in the voice room of the HuiWan app [16].

Price of live concert hall

Hui-Wei earns profits from users who recharge the virtual currency in the app. Users need to use the virtual currency to enhance their participation in games, such as to pay for powerful weapons or secret treasures. In the live concert hall, the audience members are free to enter the hall. Only those who pick singers to sing songs need to pay with virtual currency. The audience pays 400 in virtual currency for one song, which is equal to $40 RMB (about $6.2 USD). The money earned by a song is split into three parts: 37.5% for singers, 37.5% for the owner and 25% for platform commission.

Promotion of live concert hall

Live streaming success is measured by the number of users in the audience who are engaged. To create customer loyalty, the author designed a song ordering card discount and gradually developed the fan economy in the later stage; that is, singers attract users who like their voice and create stable customers. To gain more loyal customers, the concert hall holds various activities on certain days. For example, loyal customers can invite their loved ones on lovers' day free of charge.

Marketing strategies of live concert hall

Based on the analysis of the marketing mix, the author came up with some marketing strategies to improve the quality of the concert hall as well as to increase the audience.

- **Product strategies:** The owner tried to recruit many high-quality singers to improve the overall level of the concert hall. For the purpose of hiring the right singers, it's necessary to know the song favorites of target audiences by distributing a short survey. To ensure that high-quality singers are not lost, the owner ensured that the singer's salary was stable. In addition, the owner provided supports to new singers when needed.

- **Price strategies:** The owner designed three different amounts of prepaid cards. When a customer purchased the highest amount of prepaid card, the customer received a V.I.P. card with a discount price for songs. A customer with a V.I.P. card can reserve a one-hour block booking time during which the signers only sing songs for him/her. Furthermore, the owner designed a special event card available for purchase. The special event cards include a lover card, birthday party card, graduation card, Christmas card, New Year's party card, and so on. The content of songs and the listening atmosphere will be designed to fit the different events accordingly.

- **Place strategies:** Since there are more than fifty singing halls in the Hui-Wei voice room, many new customers tend to enter a singing hall that is at the top of the leaderboard. To be displayed in the top ranking of the leaderboard, the owner gives a higher sales commission to the platform.

- **Promotion strategies:** Identify those potential customers by visiting other livestream platforms, then send out follow-up notices. In addition, the owner frequently promotes the concert hall events through best song of the month, best voice singer, and other activities posted on social media. To keep loyal customers, the schedule and notice of new songs of their favorite singers are delivered to them in advance.

Conclusion

Currently, online entertainment services, such as online games, audio livestreams, and social networking through thousands of app platforms have created uncountable business opportunities and amazing profits. People can have an enjoyable experience without leaving home. People can encounter one another online from anywhere in the world. Thus, online entertainment services have become very popular businesses, especially among young people. This case study of an online live concert hall is only a triviality within the audio livestream industry in China, but it serves as an example to beginners trying to establish their online business via any app platform. In summary, the online live concert hall is still improving, and the author is still learning step by step. With this small-scale entrepreneurial experience, the necessary market research (platform selection), marketing mix analysis, consumer mind and customer analysis, personnel management, marketing strategy, and knowledge of managing funds are essential for a successful online business.

By using the 4P marketing mix approach, the author was able to develop effective strategies to promote and grow this online concert hall business.

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