



Home > Topics > Technology

AUGUST 11, 2020 8:45AM ET

Livestream Shopping: Can New Tech Save Sales in Fashion?

By Glenn Taylor



Zoe Zhang, co-founder of And Luxe, hosts a livestreaming event over CREDIT: And Luxe the company's platform.

Learn how to maintain resiliency, adaptability & sustainability in a crisis using the right data. Join our webinar with eco-friendly brand Tentree and Oracle NetSuite Aug. 19 at 2 pm ET.

REGISTER NOW

The coronavirus pandemic shifted consumer shopping habits, and now the [livestream](#) shopping movement, which was enjoyed considerable popularity in Asia is showing signs of gripping American audiences, too. With shoppers largely homebound this spring as the COVID-19 outbreak swept the nation, live shopping engagement spiked 389.6 percent from April to May, according to influencer marketing and management platform Traackr.

RELATED ARTICLES

- [Customs Says Hong Kong-Originating Goods Must Now Be Labeled Made in China](#)
- [Canada Goose Talks Footwear Launch Amid 63% Revenue Slump](#)

But while livestream shopping may continue to grow both as an engagement and a sales channel, retailers and brands much to learn if they want to drive dollars to their bottom line.

Though most American and European fashion brands have a surface-level familiarity with the term “livestreaming,” “they really don’t know what that is and how it works from A to Z,” said Mark Yuan, CEO and co-founder of fashion livestreaming platform And Luxe.

“When I pitch it to them, I say, ‘Think of it as a combination of [Facebook Live](#) plus Home Shopping Network plus an e-commerce site all rolled up in one,’” he added. “A consumer can see a live show and how a brand and their representatives are showcasing the product in real time in a very three-dimensional way.”

In addition to real-time videos that show off products, livestreaming enables shoppers to message the on-screen hosts to create a more interactive experience. Many livestreaming platforms built in a commerce feature empowering viewers to immediately the showcased goods.

Barriers to adoption? Few, if any

Despite livestreaming’s slow stateside adoption prior to the pandemic, barriers to entry have been relatively low, with social media platforms including Facebook, Instagram and Twitter (via its Periscope platform) all offering the ability to record live feeds in real time. The industry is largely driven today by the gaming community, with the Amazon-owned Twitch gaming platform holding a 73 percent market share of all livestreamed video hours watched, according to Payoneer data.

Even when measuring livestreaming across the board, Payoneer noted that 51 percent of streamers surveyed have only been earning money over the past year, indicating that the industry is still nascent as a revenue driver. Daniel Mayer, CEO and founder of livestreaming platform and Facebook Live software partner BeLive, said the competition between U.S. retailers even during the COVID-19 pandemic is “not so strong,” but that represents a significant opportunity to get in front of a wide audience.

“The only questions that you need to ask yourself as a retailer right now are, ‘What is my promotion budget right now, and how much money am I spending on ads?’” Mayer said. “The costs of doing a live show could be free or it could be hundreds, but I’m sure it is less than your ads budget.”

Over the past few years, the [livestreaming](#) movement has caught on in China, which long leapfrogged the U.S. in terms of innovative and mobile-centric commerce. Livestreaming has blossomed into a 433.8 billion RMB (\$62 billion) industry in China, according to statistics from iiMedia Research, a

Guangzhou-based media monitoring company. In 2020, the firm projects the industry will double to \$128.5 billion, noting that Alibaba's platform Taobao Live hosted 719 percent more retailer-launched livestreaming rooms month-on-month in February. Payoneer data indicates the livestreaming market will reach \$184.3 billion worldwide by 2027.

Singles Day success

Perhaps the biggest example of livestream shopping success is Alibaba's Singles Day, otherwise known as the [11.11 Global Shopping Festival](#), which generated \$12 billion in total sales in the first hour of launch.

Livestream shopping played a notable role in the festival, with more than half of merchants on Alibaba's Tmall marketplace leveraging the medium to push products during the event. Sales generated through livestreaming had already surpassed 10 billion RMB (\$1.43 billion) by 8:55 a.m. local time, not long after the event had gone live.

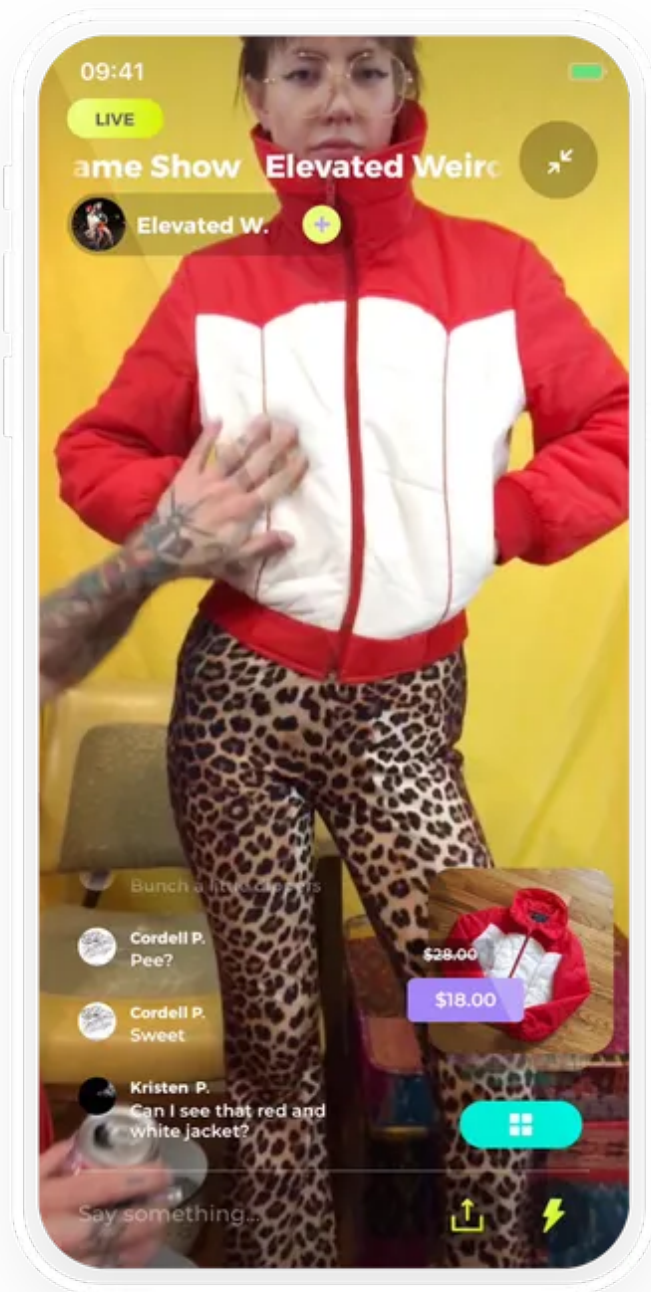
Nearly nine months later, the global shopping environment looks drastically different as mass store closures forced retailers to not only focus more on digital channels, but get more creative with how they can bridge the physical and digital environment. Danielle Li, founder and CEO of livestream shopping platform Popshop Live, believes the U.S. can learn a thing or two from livestream shopping's success in China.

"Seeing the early success in China definitely validates that this could be the future, but the growth since then helped us realize that livestreaming could be bigger than people imagined," Li said.

Yuan noted that the compounded problems of excess inventory in stores and warehouses, on top of the job cuts and furloughs, have made Western retailers more open to the livestream shopping than they previously were.

"The brands that have been coming to us have been saying their showrooms and stores are closed, they can't go to the trade shows, they can't reach out and conduct business with their retail customers and well as their wholesale customers," said Yuan. "To help them sell, we ask brands to give us their look book and line sheet and we select the styles that might work for customers, so we request the brands that they send samples to our studios and our team can remotely do a live show in our space."

Yuan cited a familiar axiom offering some context to how livestream shopping platforms must educate potential retail clients on how the technology can help: "Give a man a fish and you feed him for a day; Teach a man to fish and you feed him for a lifetime." In other words, whether a retailer is planning on livestreaming on Alibaba or Instagram Live, And Luxe carries out a mission to not only serve as a livestreaming platform, but encourage brands to consider what products, visuals and people best engage their target shoppers on the other side of the screen.



Here a jacket is showcased on a livestream presented by Popshop Live, with an option to purchase.

The lack of education has been the biggest barrier for U.S. retailers leveraging these platforms, Yuan said. Li agreed, noting how Popshop Live created a data-driven “playbook” showing retail clients how to approach their first live shopping show, and shows over next three and six months.

Fast Fish

Fast Fish, a Chinese fast-fashion retailer that had to close its more than 2,400 stores on Feb. 5 as the virus spread, reported in April that it had brought back about 80 percent of the sales it lost, and opened up 20 new stores in the month. Fast Fish attributes some of that success to its decision to enable livestream shopping on WeChat—the ubiquitous Chinese social app with more than 1 billion active users—as a new avenue to sell products amid brick-and-mortar closures.

The retailer encouraged all employees including the CEO, chief operating officer, founders and store associates to create their own WeChat stores to promote Fast Fish merchandise. Any sales coming from the livestreams were associated with the employee’s WeChat account, which resulted in a commission for that employee. This allowed Fast Fish to sell merchandise,

clear out inventory and help employees earn money during a time when many were out of work.

“They enrolled their store associates who had relationships with customers who had brand affinity, awareness, excitement and passion for the brand, and they started a sales and affiliate network of products in a livestream capacity,” said Noel Goggin, CEO of Aptos during the [Aptos Engage Digital](#) event. “They have now taken that as a construct, because it was a so successful. Fast Fish actually converted two floors in the corporate headquarters to be dedicated to livestreaming.”

Fast Fish's pandemic success shows the value a fashion brand can bring even if it either closes down stores or doesn't have a store presence at all. Mayer noted that fashion is the category that resonates the most with shoppers on the BeLive platform. This could encourage apparel, footwear and accessories retailers to take the plunge, particularly as they've suffered mightily this year and e-commerce growth still hasn't made up for the sector's brick-and-mortar losses.

"Fashion is bumping all over the place," Mayer said. "We are watching a huge increase in growth around the fashion segment. I guess it's something that's really easy to start selling. You don't have complex barriers of what you have to explain how to use and what to do. The kind of engagements that the seller can make producing these shows—they could show their entire product portfolio if they wanted to."

Livestreaming's leg up on e-commerce

Zoe Zhang, co-founder of And Luxe, cited apparel as an attractive category that aligns with what livestream shopping is looking to accomplish, especially when e-commerce doesn't always give viewers the full picture of a product.

"Usually, people will be scared and skeptical about sizing and that may cause them to avoid certain products like dresses," Zhang said. "This is so interactive that they can just ask questions about butt size, waist measurement and hip measurement, and they can even provide their own measurement during a live show to let us help out and determine if it's a fit for them. This is one of the biggest features of livestreaming, in that shoppers can communicate with the host to get a better idea of what fits them."

Mayer said that average revenue per acquired BeLive customer in the U.S. is approximately \$50 to \$60, on par with the price of products selling through its brands partners. Those numbers, he added, have continued to grow as consumers gain greater confidence in the platform.

BeLive's clients include Matilda Jane Clothing, a children's and adult clothing company with 420,000 followers on Facebook, and women's apparel brand Beautiful Disaster Clothing, which has 266,000 Facebook followers. Both use BeLive to hold live shopping events on the social network.

In total, the number of BeLive streams from Jan. 1 to May 21 increased by 210 percent over the full year of 2019.

"We've had user growth of 7X using the live shopping feature since the start of COVID," Mayer told Sourcing Journal. "The sentiments of those retailers were to sell and to do it right now. We feel we've been in the right junction at the right time as more users arrived. Right now, for the retailers, what they're actually looking to have when turning to us isn't just engagement, it's increased revenues. To be able to do that in hard times, you need to be able to use unique solutions that you weren't using previously."

While BeLive is seeing success, Popshop Live is setting the groundwork for a similar trajectory. Popshop Live announced a \$3 million funding round in July, bringing its total raise to \$4.5 million, with the investment going toward new hires, building new features, developing live content and onboarding new sellers in preparation for an upcoming public launch. The company's most successful sellers typically host at least one show per week, Li said.

Seven hours of sales

When lifestyle retailer Japan LA closed its California physical store during the pandemic, the retailer worked with Popshop Live to beam a stream to followers. While Japan LA owner Jamie Rivadeneira intended to go live for an hour, the show ended up being five hours long due to extended customer interaction and Q&A. More important: the engagement turned into revenue. That day, Japan LA generated more sales than its existing online and offline channels had combined on a typical busy Saturday pre-COVID.

“In the beginning, one hour sounds very intimidating,” Li told Sourcing Journal. “But after getting used to the platform, an ideal seller's show goes five to seven hours. For a physical store, it's the same amount of time that you open your store and you welcome your customer, except that it can be much more efficient, because instead of talking to one customer at a time you are talking to thousands.”

On July 31, another platform recently launched with a different approach to livestream shopping. [DroppTV](#) is dedicating the first phase of its consumer rollout to music videos, so fans can watch music videos and buy what they see in real-time with the click of a button.

The platform's debut video, “Stop Panickin'” from New York City artist Kid Daytona, features products from Australia-based knitwear fashion brand Coogi and minority-owned footwear brand Jaclar.

The DroppTV platform is powered by the company's proprietary artificial intelligence, machine learning and computer vision algorithm, which recognizes products in video content and tags them in real time, designed for frictionless, one-click in-content purchasing.

TAGS

[CORONAVIRUS \(COVID-19\)](#)[FACEBOOK](#)[LIVESTREAM](#)[MOBILE COMMERCE](#)