

Characteristics and Future Development of Live-Streaming Commerce on WeChat Channels

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ABSTRACT

This study focuses on the evolution path and development prospects of the live broadcast function of Wechat Channelss, an innovative paradigm of social e-commerce in China. Based on qualitative research methods such as in-depth interviews with industry practitioners and ordinary users, the study systematically deconstructs the characteristics and challenges of the development of Wechat Channelss since 2020. Based on empirical data and industry analysis, this study further proposes a strategic path for sustainable development from the three dimensions of technological empowerment, regulatory adaptation, and ecological optimization, providing theoretical references and practical guidance for the innovative evolution of social e-commerce models.

KEYWORDS

Wechat Channelss; live-streaming Commerce; Social Commerce; Digital Ecosystem; Content Creators; Platform Governance; KOL Marketing; China's Digital Economy

The rise of social media has profoundly reshaped the way modern society communicates, integrating online socialization and content sharing into daily life. In this wave of change, WeChat, as China's leading social platform, has evolved from a simple communication tool to an ecosystem integrating socialization, content and commerce since its launch in 2011, and its video number function, through the unique mechanism of "strong social distribution + algorithmic recommendation", has not only improved user stickiness and content quality, but also promoted the platform's commercialization process - data shows that the length of stay of video number users has increased by 100% year-on-year in 2023, and advertising revenue has broken through. Relying on WeChat's huge user base and payment system, it not only improves user stickiness and content quality, but also promotes the commercialization process of the platform - according to data, in 2023, the length of stay of video users increased by nearly 100% year-on-year, and the advertisement revenue exceeded 3 billion yuan/quarter, which is a successful practice that confirms the development trend of social media towards the deep integration of content consumption and commercial services. This successful practice confirms the development trend of social media towards the deep integration of content consumption and commercial services, and also demonstrates WeChat's continuous innovation ability as a super application in the construction of digital ecology^[1][HaoW, 2020].

The rapid development of social media, 5G technology and artificial intelligence (AI) has spawned a new business model, live commerce, which provides consumers with a great deal of information and a high degree of interactivity.^[2] [Yongbing Jiao, 2023] Especially with 5G entering the field of information dissemination, live-streaming on the web has become more convenient and common. The business model of live-streaming has also changed, and it is not only used for entertainment and socialising, but has also become a powerful tool for e-commerce and education. Due to the high popularity of live-streaming in China, e-commerce platforms such as Taobao, Tmall, JD.com as well as social media platforms such as WeChat, Douyin have all launched live-streaming sales campaigns, which attract huge network traffic. E-commerce platforms, social networking sites, live-streaming agencies, manufacturers, intermediaries, and so on, are motivated to invest in live-streaming sales because of its strong competitive edge in product sales and brand building, leading to the explosive growth of this sales model.^[2] [Yongbing Jiao, 2023] Today, live-streaming has become an important part of global culture, with far-reaching impacts on news distribution, entertainment, education and business.

As technology continues to advance, the forms and applications of live-streaming are expected to continue to evolve and innovate. "Although it has been impacted by TikTok in the past two years, the Wechat ecosystem is still a huge pool of traffic, and Wechat is still one of the best choices for merchants, especially now that they can also catch the early train of Wechat Channelss' e-commerce."^[3] [JingLi, 2022] From the specific point of view of the e-commerce ecosystem, Wechat Channelss in the recruitment of merchants, merchants stationed or traffic placement links still need to be more perfect, convenient and open, in the supply chain system, after-sales system construction is still lagging behind. "The biggest challenge for Wechat Channelss should be how to pry the live-streaming of this 'colossus' with a small team, after all, the Douyin team is a few tens of thousands of people in the product and do commercialisation services."^[1] [HaoW, 2020]

This qualitative study employs a comprehensive methodological framework to examine Wechat Channelss' live-streaming ecosystem, utilizing focus groups with 20 participants (10 purposively sampled live-streaming/e-commerce

professionals from HJL and 10 convenience-sampled students) to capture diverse perspectives. Through four 1v5 semi-structured interview sessions combining prepared questions with follow-up probes - recorded for thematic analysis with informed consent - the research implements a triangulated data collection approach including: audio recordings of complete dialogues, participant observation of non-verbal cues, real-time note-taking, follow-up interviews, and document analysis. The study's qualitative design is particularly suited to investigating the platform's characteristics and future development as it focuses on understanding non-numerical aspects of human behavior, experiences and social phenomena within specific socio-cultural contexts ^[4][Strauss, A.L., 1990]. For data interpretation, the research applies a multi-method analytical framework comprising: content analysis for systematic text examination, comparative analysis of cross-group response patterns, in-depth case study analysis of significant individual responses, and contextual analysis of socio-cultural influences. This integrated methodology ensures rigorous investigation of both verbal and non-verbal data while maintaining the nuanced understanding required to explore Wechat Channelss' evolving live-streaming landscape.

1 Product updates speed up

From the first group of sampling target interview data in general, they all think that the first half of this year Wechat Channelss video number delivered a good answer sheet. 2023 August 16, Tencent released the second quarter of 2023 financial report, pointed out that: "video number of the total number of user hours almost doubled year-on-year, the second quarter of 2023, video number of advertising revenue of more than 3 billion yuan! ." The first group of interviewees B said that in the past two years daily use of Wechat Channelss found it secretly updated many functions, before only in the discovery page to see the circle of friends, now can also see the Wechat Channelss, live-streaming and so on of the independent entrance. Wechat Channelss have been put into more human resources to accelerate the replacement. In 2023, Wechat Channelss updated their functions and introduced 60 policies, while in 2022, the number was 49. The number of Wechat Channelss updated and the frequency of updates have increased significantly. Recently, the commercialization of video number is the focus of video number function update. Video number small task, creation share plan, live-streaming paid promotion function has been online, from the functional level to pave the way for brand commercialization action.

2 Changing forms of content creators

The study reveals that Wechat Channelss is attracting top creators from other platforms (e.g., interviewee C noted influencer Dong Mingzhu's cross-platform presence), while aggregating official news accounts previously scattered across different apps, creating a unified content hub. This trend has driven significant expansion of the creator base, with top influencers increasing monthly output by 90% YoY, directly boosting user engagement (Tencent data shows July 2023 comments/shares rose 70.1% and 68.1% YoY respectively). The thriving ecosystem demonstrates Wechat Channelss' evolution from a supplementary feature to a strategic priority for professional content creators.

Young users are accelerating their migration to WeChat's video numbers, such as respondent Y, who, as a Mayday fan, prefers to share concert footage on the video number - as it offers higher picture quality and greater interactivity compared to the circle of friends (the recommended volume of game and animation content will be +23.5% year-on-year in 2023). This "interest social" model promotes the continued deepening of the vertical content ecosystem, forming a closed loop of growth in which "high-quality content attracts young users→users feed the segmented category".

Respondent X's case shows that WeChat's video number is becoming an important platform for professional content consumption - for example, the automotive performance comparison video of OneCar.com not only meets the user's professional knowledge needs, but also reflects the trend of upgrading the platform's content: from the early stage of UGC sharing to the gradual development of a diversified ecosystem of "PGC professional content + brand original IP". It also reflects the upgrading trend of platform content: from early UGC sharing to a diversified ecosystem of "PGC professional content + brand original IP", which promotes the continuous improvement of platform content quality.

3 Ecological integration in depth

Since the layout of live e-commerce in 2020, Wechat Channelss has built a complete commercial ecosystem, and recently accelerated the commercialization process through the upgrading of tools such as the "Service Provider Bazaar" and the "KOL Plaza" - the former to achieve transparency of supply chain data (displaying key indicators such as KOL performance, commodity commissions, etc.), and the latter to establish an intelligent docking system for brands and The former realizes the transparency of supply chain data (displaying key indicators such as KOL performance and commodity commissions), and the latter establishes an intelligent docking system between brands and celebrities. These innovations

promote the formation of an efficient collaboration model of “brand-service provider-darren”, and the data show that the efficiency of Darren's cooperation has increased by 40% after the launch of the tool, leading to a year-on-year increase of 300% in the platform's e-commerce GMV, marking WeChat's entry into a period of fine operation from the function building period, and its unique “social + content” e-commerce hybrid model is continuing to release commercial value.

4 Wechat Channelss live-streaming the rise of selling goods

Tencent has significantly advanced Wechat Channelss' e-commerce ecosystem through strategic initiatives, most notably the July 2023 KOL Cold Start Incentive Program that tiers influencers (S+ to B+) based on cross-platform performance metrics like GMV and fan counts, offering substantial traffic coupons ranging from 45,000 to 350,000. The platform has optimized discoverability by adding a dedicated "Products" tab in search navigation and creating new store entry points, complementing existing live/short video commerce channels. Concurrently, Wechat Channelss has prioritized commercialization features in its updates, sequentially rolling out creator revenue-sharing plans, short-video-to-live-streaming promotions, and targeted advertising tools - all designed to strengthen monetization pathways for both content creators and brand partners while expanding the platform's transactional capabilities.

5 Conclusion

5.1 Limitations

User feedback highlights significant challenges facing Wechat Channelss' development: while the platform has expanded its ecosystem, persistent issues include repetitive low-quality content that lags behind competitors like TikTok and Kuaishou (as noted by Interviewee O), an aging user base primarily composed of middle-aged and older content creators and shoppers that limits appeal to younger demographics, and increasingly restrictive policies evidenced by recent category suspensions (e.g., travel/leisure goods) that signal the platform's transition from its initial "blue ocean" phase to more regulated operations - collectively posing constraints on Wechat Channelss' commercial potential despite its continued growth in user base and functionality.

A large number of MCN organizations and KOLs are still in a Wechat Channelss currently struggles to attract professional MCNs and top-tier KOLs, who remain hesitant to fully commit due to unproven monetization potential and the platform's relative lack of high-quality content creators. This challenge is compounded by significantly lower user engagement durations compared to TikTok's mature, algorithm-driven ecosystem featuring richer creative content. These factors present substantial hurdles in Wechat Channelss' bid to establish itself as a competitive player in China's intensely competitive short video and live-streaming market, requiring urgent improvements in creator incentives, content quality, and user experience to drive meaningful platform migration.

5.2 Future development

As the ecosystem's commercial barriers lower and monetization efficiency improves, these strategic enhancements position Wechat Channelss as an emerging "blue ocean" opportunity within China's competitive digital landscape.

5.2.1 Industry Status: Prosperity and Chaos Coexist

Interviewee A's observations highlight the transformative impact of live-streaming commerce, noting that while platforms like Taobao and TikTok dominate public perception, Wechat Channelss is emerging as a significant player, albeit currently perceived more as a professional networking tool than a mainstream shopping destination. The interviewee emphasized how live-streaming has become embedded in daily life, citing the Weiya tax evasion case as indicative of the industry's staggering profitability and influence. This sector has experienced explosive growth in recent years, evolving from a niche novelty to an e-commerce powerhouse that has fundamentally reshaped consumption patterns - enabling home-based purchasing of daily necessities that previously required physical store visits. The rise of live-streaming commerce has created a dual impact: while disrupting traditional retail, it has also spurred offline businesses to adopt live-streaming strategies for survival, while simultaneously spawning new derivative industries including logistics, content creation, and personal branding opportunities. Perhaps most significantly, the industry has demonstrated remarkable social mobility potential, with its substantial revenue streams enabling ordinary individuals to transcend socioeconomic boundaries through various roles as hosts, product specialists, or affiliated marketers, thereby dramatically altering China's commercial landscape and creating new career pathways that blend entertainment, sales, and digital entrepreneurship. However, the industry's rapid growth has also led to concerning practices, including exaggerated

advertising, lax quality control, and tax evasion cases like Viya's - issues that threaten both consumer trust and sustainable sector development.

5.2.2 Development trend: diversification, quality and specialization

The first interviewee, F, mentioned that he is currently a Wechat Channelss live-streaming operator, in addition to the public impression of the most impressive MC introduction of the product, the link, the audience to order the product mode, now Wechat Channelss are very popular in Wechat Channelss, such as the "music language" in the form of emotional sermon to the public domain traffic into the private domain traffic account cash. Accounts selling math and piano lessons for elementary school students are also popular. From F's point of view, it can be seen that with the changing and upgrading of consumer demand, Wechat Channelss live-streaming industry is developing in a diversified direction. There are not only traditional beauty, clothing, food and other goods, but also home, digital, art and other more kinds of goods. At the same time, the content and forms of live-streaming are also being enriched and expanded, such as life sharing, knowledge lectures, interactive games, etc.

Industry practitioners widely acknowledge that China's live-streaming e-commerce sector is entering a saturation phase, marked by intense competition, soaring traffic costs, and shrinking profit margins (as reported by Interviewee I and corroborated by multiple respondents). This market maturation is driving a strategic pivot toward quality-centric operations—platforms and hosts are increasingly prioritizing product excellence, brand reputation, and service enhancements to retain discerning consumers. Within this competitive landscape, Wechat Channelss distinguishes itself through unique advantages: Tencent's robust policy support, deep integration with WeChat's 1.2-billion-user social graph, and ongoing mechanism innovations position it for differentiated growth despite sector-wide pressures.

Tencent's Q2 financial results highlight strong growth, with total revenue reaching ¥149.2 billion (up 11% YoY) and non-IFRS net profit at ¥37.5 billion (up 33% YoY). Notably, Wechat Channelss has emerged as a key growth driver—user engagement time increased significantly, contributing ¥3 billion in advertising revenue, while its ecosystem synergies with Mini Programs (1.1 billion MAUs) and technical services helped push Tencent's total ad revenue past ¥25 billion. Despite this progress, Wechat Channelss faces ongoing challenges in competing for users and traffic against established e-commerce platforms, indicating its commercialization journey remains in early stages.

5.2.3 Challenges and opportunities

The live-streaming ecosystem of Wechat Channelss has entered a critical developmental phase characterized by three fundamental tensions: intensifying competition from both established platforms and emerging short-form video commerce players, rising consumer demands for hyper-personalized premium experiences, and progressively stringent regulatory oversight - all accelerating industry specialization (as demonstrated by interviewee H's observations of evolving ad optimization techniques). This trifecta of pressures is compelling content creators and service providers to pursue continuous innovation, while concurrent technological breakthroughs in 5G infrastructure and AI applications—coupled with maturing industry standards are unlocking new monetization pathways.

These converging forces are driving systemic innovation across the value chain, while the deployment of 5G and advances in AI are creating unprecedented monetization potential through hyper-personalization and operational efficiencies. This dual reality places Wechat Channels at a strategic crossroads where breaking through current constraints can lead to transformative growth in China's next-generation digital economy.

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