

Can Live-Streaming E-commerce Rescue Distressed Enterprises? A Case Study of Domestic Brand Vitality 28

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ABSTRACT

Against the backdrop of booming digital economy and live-streaming e-commerce, time-honored domestic consumer goods brands are trapped in multiple operational predicaments including brand aging and shrinking distribution channels, making live-streaming sales a vital relief approach for troubled enterprises. Taking Vitality 28, a domestic daily chemical brand, as the research object, this paper adopts case study, comparative analysis and data analysis to explore the root causes of its operational difficulties, the functional mechanism and practical outcomes of live-streaming marketing, and define the applicable boundary of live-stream mode in rescuing struggling firms. The research indicates that Vitality 28 rapidly improved cash flow and realized short-term operational survival relying on live-stream sales. Nevertheless, inherent drawbacks such as volatile online traffic and over-reliance on low-price promotions prevent the brand from solving fundamental problems covering product innovation, brand development, supply chain optimization and internal corporate governance. This study concludes that live-stream e-commerce only serves as a short-term bailout tool rather than a driver for long-term sustainable growth. To achieve enduring revitalization, aged domestic brands ought to establish an integrated revival system combining live-stream traffic attraction, product upgrading, brand reshaping and omni-channel operation, and realize sustainable digital transformation via multi-stakeholder coordination.

KEYWORDS

Daily chemical industry; Live-stream e-commerce; Vitality 28; Distressed enterprises; Revival of domestic brands

1 Research Background and Significance

With the restructuring of internet traffic landscape and rising penetration of short-video and live-stream shopping, live-stream sales have evolved into a core marketing and distribution channel for fast-moving consumer goods (FMCG). Meanwhile, numerous domestic legacy brands founded in the 1980s and 1990s have slid into operational troubles amid fierce competition from international giants and emerging local rivals, plagued by outdated product iteration, rigid channel layout and ageing brand image. Exploring effective digital transformation paths via new media has become a core proposition for troubled traditional manufacturers.

As an iconic domestic daily chemical brand in China, Vitality 28 once dominated the domestic detergent market with its laundry powder products before falling into prolonged business downturn due to shifting market conditions and internal management defects. In late 2022, senior factory employees of Vitality 28 launched live-stream sales with an authentic down-to-earth persona, unexpectedly gaining massive popularity driven by nostalgia marketing and achieving remarkable growth in sales volume and brand exposure, which renders it a typical research sample for evaluating live-stream's rescue effect on distressed enterprises. Under such context, investigating whether live-stream commerce can fundamentally revitalize troubled corporations, its functional scope and inherent limitations bears prominent theoretical and practical value.

Theoretical Significance: This research integrates live-stream e-commerce theories and distressed enterprise transformation theories, reveals the functional boundary of live-stream marketing through a specific case, and fills the research gap regarding the revitalization of time-honored domestic brands via live-stream-oriented crisis relief.

Practical Significance: It provides targeted optimization suggestions for Vitality 28's long-term strategic planning and replicable transformation frameworks for a large number of similar struggling domestic legacy brands.

2 Literature Review

Existing relevant literature is divided into three major research streams:

First, researches on live-stream e-commerce. Most scholars argue that real-time interaction, trust cultivation and scenario-based product display shorten consumers' purchase decision-making cycle and facilitate sales conversion and brand exposure, with host characteristics, product attributes and preferential pricing as core influential factors of live-stream performance^[1,3,5].

Second, studies concerning distressed enterprise transformation. Previous literatures mainly focus on conventional turnaround strategies including strategic restructuring, technological innovation, financial restructuring and channel reform, while few targeted researches discuss live-stream marketing as an emerging digital solution, especially for traditional manufacturing enterprises featured with low gross profit, heavy supply chain pressure and ageing brand assets^[8].

Third, research on the revitalization of time-honored domestic brands. Current studies highlight the facilitating effects of cultural value, emotional resonance and national fashion trend on brand recovery yet remain mostly at macro analytical level, lacking in-depth case researches centering on daily chemical industry and live-stream-driven brand revival^[4,6-7].

In summary, extant studies fail to systematically clarify the effective scope and limitation of live-stream sales in rescuing troubled enterprises, leaving research space for this paper to explore the feasibility, implementation path and potential risks of live-stream-based corporate turnaround^[9-10].

3 Marginal Contributions

First, targeted research perspective: focusing on the core proposition of whether live-stream commerce can bail out distressed enterprises instead of generalized industry analysis based on a concrete daily chemical time-honored brand case.

Second, rigorous research conclusion: distinguishing short-term cash flow improvement from long-term sustainable profitability and specifying the functional boundary of live-stream marketing to avoid overrating the value of single marketing instrument.

Third, operable practical proposals: putting forward actionable transformation strategies grounded on authentic operational data of Vitality 28 with high promotion value across the industry.

4 Overview of Paper Structure

Chapter 1 elaborates research background and research significance; Chapter 2 analyzes the influence mechanism of live-stream commerce on distressed enterprises; Chapter 3 summarizes prominent obstacles during Vitality 28's live-stream transformation; Chapter 4 conducts comprehensive case analysis; Chapter 5 draws research conclusions and proposes corresponding suggestions for enterprises and industrial policies.

5 Influence Mechanism of Live-stream E-commerce on Distressed Enterprises

5.1 Positive Functional Mechanism

5.1.1 Low-cost Brand Penetration and Reduced Customer Acquisition Cost

Constrained by limited capital, troubled enterprises cannot afford expensive traditional offline advertising. Leveraging algorithm recommendation and emotional content dissemination on short-video platforms, live streaming enables cost-efficient brand exposure and rapid reputation restoration^[2].

5.1.2 Immediate Cash Flow Improvement to Relieve Survival Pressure

Adopting spot payment and pre-order sales modes, live-stream transactions feature fast capital recovery and high capital turnover, rapidly supplementing corporate floating capital and resolving existential risks such as production suspension, salary arrears and supply chain breakdown.

5.1.3 Channel Flattening to Offset Drawbacks of Traditional Distribution

By bypassing multi-level distributors and selling commodities directly to end consumers, manufacturers expand profit margin and collect real-time consumer feedback to guide production and product improvement.

5.1.4 Nostalgia-driven Trust Activation and Existing Customer Awakening

Endowed with profound historical accumulation, legacy brands establish emotional bonding with consumers via live broadcast, activating loyal elder customers and attracting younger generations to optimize user composition^[4].

5.2 Limitations and Potential Risks

5.2.1 Volatile Traffic Trend Leading to Unstable Operating Performance

Brand popularity and sales volume tend to shrink sharply after traffic dividend fades, and over-dependence on live streaming results in fragile business operation.

5.2.2 Excessive Low-price Orientation Dilutes Intrinsic Brand Value

Enterprises under financial strain commonly adopt cut-price tactics to boost transaction volume, which gradually labels brands as low-end and hinders high-end brand upgrading.

5.2.3 Overloaded Supply Chain Triggers Reputational Risks

Spiking orders often lead to insufficient production capacity, poor quality control, delayed delivery and inadequate after-sales service, damaging brand credibility.

5.2.4 Incapability to Fix Core Competitiveness Deficiencies

Live-stream marketing is unable to substitute long-term capacity building covering R&D investment, brand construction, organizational restructuring and technical upgrading^[8].

6 Existing Problems and Challenges Confronting Vitality 28's Live-stream Transformation

6.1 Primary Operational Problems

6.1.1 Over-reliance On live-stream Channel with Single-source Revenue Structure

Over 90% of operating income derives from live-stream sales, leaving the brand vulnerable to platform policy adjustment and traffic decline.

6.1.2 Outdated Product Portfolio and Insufficient Innovation Capacity

The product lineup is dominated by basic laundry detergents including laundry powder and liquid detergent with slow upgrades in function, packaging and application scenarios, lacking high-margin premium products.

6.1.3 Unsustained Brand Equity Built Merely on Nostalgic Consumption

Consumption motivation originates from public sympathy and historical sentiment rather than solid brand recognition, resulting in low customer repurchase rate.

6.1.4 Unprofessional Live-stream Operation Team

The senior live-stream hosts lack systematic vocational training, lacking standardized planning in live content design, product selection, pricing and consumer operation.

6.1.5 Unstable Supply Chain and Inconsistent Quality Control

Surge in online orders causes frequent out-of-stock, missing delivery and damaged packaging, pushing up negative customer reviews.

6.2 External and Industrial Challenges

6.2.1 Intense Industrial Competition

Premium market is occupied by multinational giants such as Procter & Gamble and Unilever; mature domestic players like Liby and Bluemoon dominate mainstream offline channels while newly emerging DTC brands expand market share relying on capital injection and content marketing.

6.2.2 Gradual Dissipation of Nostalgia Bonus

Consumers' freshness diminishes over time, driving down live-stream viewership and conversion rate and slowing revenue growth.

6.2.3 Rising Raw Material Cost Squeezes Profit Margin

Continuous growth in costs of raw materials, packaging and logistics undermines profitability of the low-price high-volume sales model.

6.2.4 Arduous Task of brand Youth Transformation

The brand fails to penetrate mainstream young consumer groups and faces marginalization risks in the long run.

7 Case Analysis

7.1 Development History of Vitality 28

Founded in the 1980s in Shashi, Hubei Province, Vitality 28 ranks among China's pioneering domestic daily chemical enterprises after the Reform and Opening-up. In the 1990s, its iconic advertising slogan and superior laundry powder made it a household national brand with leading domestic market share.

Entering the 21st century, massive entry of foreign capital brands, equity restructuring turbulence, backward channel reform and insufficient brand investment led to continuous market retreat, shrinking production scale and long-term operational distress.

In late 2022, veteran on-site factory workers launched live-stream sales and gained phenomenal online popularity for their sincere live-stream style featured with domestic brand nostalgia, creating new development opportunities. In 2025, the enterprise completed judicial restructuring with joint capital injection from state-owned capital institutions, Sequoia Capital and the founder of Genki Forest, clearing RMB 1.5 billion outstanding debts and revitalizing RMB 350 million idle assets to step into standardized development^[12].

7.2 Achievements Brought by Live-stream Transformation

7.2.1 Sales and Revenue Data

Peak single-day GMV hit RMB 5–7.5 million with over 250,000 units sold upon viral popularity;
 Monthly sales reached approximately RMB 50 million in the first booming month with around 200,000 daily orders;
 Monthly record sales exceeded RMB 100 million, ranking No.1 among domestic household cleaning brands on Douyin;
 Annual output value surged from roughly RMB 10 million in 2022 to over RMB 1.8 billion;
 Projected terminal sales in 2025 stood at RMB 1.6 billion with doubled market share compared with pre-restructuring period^[11,13].

7.2.2 Account and Consumer Metrics

The flagship Douyin store “Vitality 28 Laundry Care Official Store” has accumulated over 14.7 million followers as of March 2026, hosting more than 860 live shows with total viewership exceeding 770 million, while online sales account for 96.7% of total operating revenue.

7.2.3 Improvement of Production and Employment

The workforce expanded from fewer than 100 employees to over 800 with doubled average salary; daily production capacity rose from 100 tons to 470 tons with 39 newly-built production lines. The revival of core factory drives the development of over 50 upstream and downstream supporting suppliers^[11].

7.3 Core Hidden Difficulties Behind Traffic Prosperity

Field investigation by Daily Economic News in September 2023 revealed that despite viral live-stream success, Vitality 28 Group remained trapped in severe financial distress: a RMB 230 million industrial park project was suspended, and the headquarters office building was left vacant. The enterprise was listed as a dishonest executive with its chairman subject to high-consumption restriction. At one point, merely RMB 15,000 remained in corporate account, unable to settle a RMB 100,000 service fee dispute alongside pending wage arrears and outstanding payments to suppliers. The board chairman admitted persistent operational obstacles amid cutthroat industrial competition^[14].

Notably, the popular live-stream channel was operated by third-party manufacturer Chengdu Yizhong instead of the group itself, with most live-stream profit prioritized for outstanding supplier arrears, resulting in delayed fund reflux for debt repayment and production expansion. Besides, rampant counterfeit products and copycat live-stream rooms further disorder brand and channel management.

To sum up, live streaming delivers remarkable short-term traffic dividend yet lacks sustainable growth momentum. Low-price mass-sale positioning leads to thin gross profit and unstable earnings; brand development still relies on nostalgic consumption without mature modern branding system. Deficiencies persist in R&D, quality supervision, supply chain management and organizational construction without long-term corporate development blueprint.

8 Conclusions and Suggestions

8.1 Research Conclusions

Live-stream e-commerce effectively resolves short-term survival crisis for distressed legacy brands by boosting sales, repairing cash flow and regaining brand exposure, which is particularly effective for brands like Vitality 28 with solid market awareness, rigid product demand and basic supply chain foundation.

Nevertheless, live-stream sales cannot realize fundamental corporate revitalization, as it fails to tackle underlying bottlenecks including insufficient product innovation, inadequate brand value construction, flawed internal governance and backward technical capacity. Live streaming serves only as a short-term survival remedy rather than a permanent turnaround solution.

The Vitality 28 case verifies that sustainable revival of troubled domestic legacy brands hinges on an integrated development framework combining live-stream customer acquisition, product upgrading, brand remodeling and omni-channel layout rather than sole dependence on live-stream traffic bonus. Nostalgia-fueled online traffic cannot

permanently drive corporate development; enterprises ignoring core upgrades such as debt restructuring, capacity optimization, management reform and product iteration will fail to achieve long-term sustainable growth even with temporary live-stream prosperity.

8.2 Corporate Practical Recommendations

(1) Maintain live-stream business while diversifying sales layout: stabilize online live-stream business and synchronously expand e-commerce platforms (Tmall, JD, Pinduoduo), community group-buy and offline supermarket distribution to mitigate single-channel operational risk.

(2) Optimize product mix and lift profitability: develop mid-to-high-end premium products with added functions such as fragrance retention, color protection, bacteriostasis, infant-safe and eco-friendly formulas alongside upgraded packaging to escape vicious low-price competition.

(3) Convert nostalgic traffic into tangible brand equity: polish brand storytelling, standardize product quality specifications and launch member operation system to improve customer stickiness and repeat purchase rate.

(4) Standardize supply chain management and quality inspection system: stabilize full-capacity production, unify quality control criteria and optimize logistics and after-sales management to consolidate brand reputation via consistent product quality.

(5) Build professional operation team: recruit specialized talents for live-stream planning, e-commerce operation and content formulation and formulate long-term digital marketing roadmap.

8.3 Industrial and Policy Suggestions

(1) Local commerce authorities launch targeted support programs for time-honored brands including free live-stream vocational training, supply chain matchmaking and government-sponsored brand promotion.

(2) Industrial associations promote coordinated advancement of domestic daily chemical brands in quality standard formulation, technical renovation and intellectual property protection.

(3) Major e-commerce platforms provide preferential traffic allocation and commission reduction policies for certified time-honored domestic brands to lower their digital transformation cost.

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