Livestreaming Sensation: A Case of Meituan Live

Source: Pexels (2021)

Background

The food delivery sector in China is undergoing rapid expansion, driven by a combination of market demand, technological innovation, and changing consumer behavior. Consequently, competition has become more intense, with many companies such as Douyin (抖音) and Ele.me (饿了么) (backed by Alibaba) entering the market to take advantage of these growth opportunities.

In response to the rising competition in the food delivery business, Meituan (美团), a tech-driven retail company, also the leader in China's food delivery sector, introduced a new function called Meituan Live on its app in July 2023. By tapping into the Meituan Live aggregate page, users will gain access to livestreams from restaurants, travel businesses, and other local merchants (TechNode, 2023). Livestreaming seamlessly infiltrates Meituan's core business segments like delivery, group-buying, travel, and groceries, constituting a pivotal response to the competition.

In the context of hospitality and tourism, the integration of Meituan's livestreaming platform aligns seamlessly with industry trends. As online retailers, travel agencies, and fintech companies actively engage customers seeking for both money-saving deals and entertainment, in March 2023 Meituan takes a leap with events like "Shen Qiang Shou" (神抢手 means "Fast Grab") in Beijing and Shenzhen (Jiang, 2023). "Shen Qiang Shou" was simultaneously launched in five cities - Shanghai, Chengdu, Suzhou, Xi'an, and Changsha - in late July. "Shen Qiang Shou" differs from the traditional food delivery operation model by incorporating three content sections: flash sales, live streaming, and information flow. It allows merchants to showcase their "signature dishes" through live streaming, videos, and images, enabling customers to order food while watching live broadcasts (Sina, 2023). To ensure a high conversion rate, monetary incentives such as cash reward and shopping vouchers are given to

the viewers. On the other hand, the company also recognizes the importance of quality content and actively search for creative content creators to keep the viewers engaged.

According to data provided by Meituan, brands like Starbucks and Haidilao are already having substantial success with the livestreaming initiatives. Starbucks experienced a 370% increased year-on-year national sales in a week with selling its Frappuccino drinks through Meituan livestreaming, while Haidilao also saw its weekly sales up by 51% over the same period (Jiang, 2023). This has also brought new vitality to over 30 time-honored brands such as Xinghualou (杏花楼), Dafugui Restaurant (大富贵酒楼), Laodafang (老大房), Xinya Cantonese Restaurant (新雅粤菜馆), Quanjude (全聚德), and Emei Restaurant (峨嵋酒家). In September 2023, on the day of the live broadcast by the general manager of the 142-year-old Shanghai brand Dafugui Restaurant (大富贵酒楼), sales revenue from Dafugui's delivery voucher packs increased by 246% year-on-year, and the number of orders increased by 215% year-on-year (Sina, 2023). All these show a promising potential of livestream marketing for retailers.

Challenges

Given that information and trends on social media and the internet are very fast-paced and easily outdated, the production of time-sensitive content demands a consistent and significant investment of time and resources. The high requirement of resources and manpower, as well as the equipment to sustain the bandwidth for a high-quality transmission, makes livestreaming unfavourable to small and midsized business and a luxury to the well-established brands (Mac, 2023).

Moreover, brands entrusting third-party streamers with their promotions risk damaging their reputation since it is not possible to oversee livestreams, unlike pre-recorded advertisements. It also raises the question of who should be responsible when the viewers are misled by the information given by the streamer.

Discussion Questions

1. What metrics should be used to measure the success and effectiveness of livestreaming campaigns?

2. What regulatory challenges might Meituan face with its livestreaming platform, especially concerning advertising standards and consumer protection?

3. How can Meituan Live position itself against competitors like Douyin in the livestreaming market?

4. What measures can brands take to mitigate the risks associated with entrusting third-party streamers for their promotions?

5. What future trends do you foresee in the integration of livestreaming with hospitality and tourism industries?

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Keywords

- Livestream marketing
- Customer engagement
- Influencer marketing
- Digital marketing
- Trust
- Hospitality
- Tourism