

COCONUT MEDIA MANAGEMENT

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ABSTRACT

The objectives of this research was to study the coconut media industry. This research is qualitative research. Live e-commerce on 20 June 2016, from the outbreak to the breakthrough, live e-commerce only took four years. 2022 live with goods has become popular in China on a large scale, both men and women young and old know live e-commerce. As of June 2021, the scale of China's online shopping users reached 8.12 million people, and the number of users watching Live streaming in China reached 6.38 million, accounting for 63.1% of the total number of Internet users. Among them, the scale of live e-commerce users was 3.84 million, accounting for 38% of the total number of Internet users. Particularly with the outbreak of the new crown epidemic, live e-commerce has spurred on, and the market size of live e-commerce has reached nearly one trillion RMB. Coconut Media was founded in 2012 and has been following the wave of the internet. 2018 saw the booming development of live e-commerce and invested 10 million to set up Coconut Live Room, which has seen its performance climb over the past 4 years. 2022 net profit has reached nearly 600 million RMB. the revenue is \$77,800,000. So the VAT payable at 6% is 4,668,000. the company income tax is 25% so it is less all costs $(77,800,000 - 4,668,000 - 13,251,600) * 25\% = \$14,965,100$. Total gross revenue in 2022 is \$1,037,600,000, total costs are \$176,619,200, total tax rate is \$262,057,200 and total profit is \$598,923,600.

Keywords : Live e-commerce, live-streaming with goods, the transformation of people and goods

Introduction

Coconut Network Media was established in September 2012 and is headquartered in the Jiangdong New District High-Tech Industrial Park in Haikou City. It is a well-known live e-commerce company in the industry. It is mainly engaged in live e-commerce, live streaming, short video, content commercialization, e-commerce and proxy operations, integrated marketing, and other services. It has a wide influence in many fields such as live short video and live e-commerce.

After years of experience in the internet, the founder and CEO, Ms. Yuan Quan, came up with the Internet + Netflix operation model back in 2018. The operation model is to start with a super number or popular IP, then sign up potential bloggers, and continue to incubate more IP/Net fame accounts through the segmented and professional content operation. In the end, more than 50 popular IPs, including @GaoGailun, @I am not white food, @Late Night Xu, etc., have been incubated independently, with a total of about 80 million followers and over 2 billion plays. Coconut Network Media has a complete advertising and e-commerce team, working with over 500 beauty and fashion, and consumer brands. Coconut Network Media is the official MCN agency of Weibo, Seconds, Taobao, Today's Headline, Penguin, Meipai, and other platforms. It also has a balanced development in many short video platforms such as TikTok, Raptor, Xiaohongshu, and Xigua Video, forming an MCN short video matrix.

As a young internet team, Coconut Network Media is very focused on the new generation and fresh internet things. The company focuses on the content needs of the post-90s family fan groups and young groups, with beauty, home, and food as the representative verticals of

content. It is an MCN agency that creates a circle culture loved by fan groups.

With the gradual increase in brand resources, the company has not only maintained long-term relationships with top brands such as Estee Lauder, Lancôme, and Saint Laurent but has also formed its e-commerce operation mechanism. The company's practical + theoretical proof of consistently operating principles: Fan demand first, merchant branding second

Coconut Media has won some awards, including the 2018 Star Chart Best MCN Agency, the 2019 Tik Tok City Top 100 Influential Agency, the 2019 Golden Dolphin Award Most Commercially Valuable MCN Company, and the 2019 Most Innovative MCN Agency of the 12th China Cosmetic Conference.

The company's mission is to create a new generation of online e-commerce life for young people and to create a Web 3.0 life circle. The company's slogan is "Enjoy life at Coconut".

The company mainly generates profits from live e-commerce beauty and food products through channel fees and profit sharing from product sales, including lipsticks, eye shadows, concealers, fruits, snacks, and so on. The company's live-streaming rooms include Coconut Beauty Live Streaming Room and Coconut Food Live Streaming Room.

Industry Analysis

Before discussing the scale of the industry, it is important to know what is live e-commerce?

Live streaming plus an e-commerce model is a new way of selling. Live streaming is a tool and e-commerce is the basis. Through live streaming, traffic is brought to the e-commerce business, thus achieving the purpose of e-commerce sales. It is live e-commerce (China Merchants Securities Report, 2020).

Live e-commerce starts at 8 pm on 20 June 2016. Zhang Dayi opened his own Taobao live-streaming room. The Live streaming had over 410,000 views and over 1 million likes. By 10 pm, the shop's turnover was close to 20 million. It set a new record for Taobao live streaming room sales leading to the shop (China Merchants Securities Report, 2020).

From explosion to breakthrough, live e-commerce has taken only four years. In 2015 China saw the sudden rise of live streaming and its explosive growth. 2016 saw live streaming continue to enter the niche market, with domestic beauty live streaming starting to enter the public eye and Taobao live streaming going live in the same year. 2018 saw a massive e-commerce launch by Tik Tok in short-form video and live streaming. The traditional e-commerce platform competition home, traffic access bottleneck, and Live streaming come with super high traffic for the e-commerce platform to inject new energy, which also created a live + e-commerce model, e-commerce platform needs traffic, a live platform to seek traffic to cash channels, the two complementary advantages. At the same time, short video content to obtain super high traffic from social platforms, such as Tik Tok Express also with the traditional e-commerce platform to seek cooperation with the red person economy of cash channels. And with 2019 being the year when 5G networks become popular in China, the network is not subject to venue barriers and live streaming can be done anywhere and anytime. Live-streaming e-commerce will usher in a new growth cycle with the advancement of technology.

PEST Analysis

Economic factors

In terms of economic aggregates, China's GDP will exceed 100 trillion yuan for the second consecutive year in 2021 and break through the 110 trillion yuan mark, further increasing its share of the world economy, and its GDP per capita has been approaching the "threshold" of the per capita level of high-income countries for the first time at \$12,000 every year. The overall economic volume has been firmly established as the second largest in the world. It is worth noting that China's economy grew at 8.1% in 2021, with a GDP per capita of US\$12,500. Not only does this highlight the tremendous achievements of the economic recovery, but it is

also a new high in the last 10 years.

Social factors

The challenges of the new crown epidemic and the complex and changing international situation are all important influencing factors in the development of the Chinese economy at the moment.

In the early 2020s, the outbreak of the new coronavirus pneumonia and the nation's home quarantine hit the real economy hard across all sectors, with service sector entities, mainly restaurants, retail, and entertainment, facing huge traffic challenges and cost pressures. In contrast, the online entertainment and consumer market has seen new growth opportunities, with a series of adjustments to the way society works, upgrades to business models, and changes in people's behavioral patterns. Public domain traffic channels, mainly short-form video and live streaming, have been leveraging their traffic to expand their services. The epidemic has made "staying at home" the norm for most people, and this has led to explosive growth in the online "home economy".

Policy

Data shows that the market size of China's live e-commerce market is 433.8 billion yuan in 2019 and is expected to reach 961 billion yuan in 2020. During the epidemic, the rise of the "house economy" has stimulated the rapid development of the live-streaming industry and solidified user habits; at the same time, the "live-streaming+" model has empowered the transformation of the industry, reconstructed the operation scene and boosted traditional industries, and the online live-streaming industry aims to broaden its business potential and social value in its continuous development. The online live-streaming industry aims to broaden its business potential and social value in its continuous development. While the new crown epidemic and the Ukrainian crisis have led to increased risk challenges, the Chinese government has proposed that the epidemic should be prevented, the economy should be stabilized and development should be safe while safeguarding the steady rise of the economy and securing jobs. And in the live e-commerce industry is one of the few not affected by the epidemic, so the state has given strong support.

Technology

The year 2020 has become the first year of 5G, and the rapid development of 5G and artificial intelligence technology is making the future of live e-commerce full of infinite possibilities. In 2016, the size of China's live webcast users was 310 million, while by 2020, the size of China's live webcast users reached 526 million, an increase of 58.9% in five years. 5G development may give rise to technological changes. As China's 5G will officially go commercial, it will bring more room for development to the live-streaming industry. Thanks to 5G technology, live streaming will not only eliminate lag, but it will also allow for better picture quality, better picture transmission, and even zooming in and out to see more detailed parts of the goods, which is beneficial to the display of goods.

The difference between live e-commerce and traditional e-commerce

The Live streaming format can improve merchants' user stickiness and potential revenue increment. Through real-time interaction, merchants can achieve efficient product-to-consumer reach, greatly reducing consumer decision-making time and stimulating consumer demand. Especially due to the impact of the epidemic, live-streaming is a lower-cost customer acquisition channel favored by merchants, who have turned online to live-streaming to revitalize their inventory and ease cash flow pressure.

Distinctions	Live e-commerce	Traditional e-commerce
Content presentation	Hosted shopping guides showcase presentations and interact with users	Product details and graphic information
Characteristics	Entertainment + Marketing	Marketing
Commercial logic	Goods to people The anchor presents the product to the user	People looking for goods Users search for their own products
Commodity prices	Advantageous prices Integrated channel supply, able to reach the bottom of the industry	No significant price advantage Stable prices with small daily discounts
Interactivity	Strong	General
Professionalism	Strong	General
Conversion rate	Strong	Lower

SWOT of live e-commerce

Strengths

1. Live-streaming of goods by weblebrities has a huge consumer crowd system

The birth of the 4G network and even the 5G network has transformed network information dissemination from the graphic era to the short video era, and domestic famous live-streaming platforms such as Tik Tok, Raptor, Jingdong, and Taobao all have large live-streaming activities with goods while creating some high-quality live-streaming weblebrities, from micro-business platforms to e-commerce platforms, the weblebrity economy has taken the "fast track" The netroots live-streaming with goods is in full swing, and it all stems from the rise of the live network era and the self-media era, where information is spread faster and audiences are more widespread. The socially powerful Netflix manufacturing capability has attracted a huge consumer crowd for the goods." Netflix economy" has become a hot economic model, and "live streaming" has become a popular marketing tool.

2. Netflix live-streaming is easy to stimulate irrational consumption

Net celebrities often become popular by their charisma, face value, and superb ability, and their interaction with fans constantly enhances their goodwill toward them. This virtual mode of online interaction enhances fans' curiosity and mystery about the weblebrities and encourages them to express their support and admiration for the weblebrities by purchasing the products they recommend. Emotional and spiritual consumption dilutes the material function of commodities, thus making it easier to induce irrational consumption behavior, which is also a unique advantage of the Netflix economy.

Weaknesses

1. The overall quality of Netflix anchors varies, and the negative influence of wrong consumption concepts is great

2. Netflix anchors are rapidly changing and the law of survival of the fittest is obvious.

Opportunities

1. Technology upgrade: 5G technology is gradually maturing, which is conducive to information dissemination

2. Service enhancement: policies and regulations have been improved, and the online live-streaming platform has become increasingly professional

Threats

1. Although it is easy to bring goods, it is difficult to maintain quality

Competitor analysis

Live Room Branding	Coconut Live Room	Li Jiaqi Live Room	Veva Live Room	Make a Friend Live Room
Platform	TIK TOK platform	Taobao Platform	Taobao Platform	TIK TOK Platform
Market Segmentation	Beauty Food	Beauty is the main category Others covering food, clothing, home appliances	All Categories Live Room	All Categories Live Room
Types of branded customers	With a focus on national brands. Also preferred live room for several major international brands	The company is known as "The Lipstick Guy", with a focus on international beauty brands.	With big international brands, big domestic brands	Only big brands are sold, quality guaranteed.
Live Room Types	Two main live rooms, one for beauty and one for food	One main live room has a beauty category, complemented by apparel and food. Two sub-streaming rooms with apparel, food and electronics	One main live room, full range of products 4 sub live rooms All categories	A Make a Friend Main Live Room .Make a friend on the drink broadcast room; trendy women's clothing; parent-child clothing; life and home and other 12 sub-categories of Live streaming room.
Live Room Frequency	2 to 3 times a week	2 to 3 times a week Sub Live Daily Broadcast	Daily broadcast	Daily broadcast 8am - 2pm
Mode of supply	Supplied by the brand	Supplied by the brand	Supplied by the brand In-house factory supply	Supplied by the brand
Brand fee and percentage of draw	60,000	8 0,000	100,000	600,000 to 200,000, at first 100,000 now

Marketing strategy

With the development of the internet, traditional marketing models no longer fit, traditional channels have disappeared and new distribution and promotions no longer rely on traditional marketing theories. Direct e-commerce has led to a shift in the three elements of people, goods, and venues once again. This has led to a change in all seven elements - product, price, channel, promotion, people, physical display, and service process. We will combine this with the new Internet format to redefine our marketing strategy.

Products

live e-commerce is signed up to go to the middleman to draw closer to the goal of the origin. In the past merchants needed to purchase. Store the goods in the warehouse and then put them on the shelves. And now this process is omitted. In live e-commerce in goods, the price is very competitive, and the webmaster will try to emphasize the lowest price or factory price, to minimize the intermediate links of product circulation, greatly saving the cost of the channel. This is the only way to increase sales to a certain volume, and the reliable quality and good after-sales service also bring a higher repurchase rate for the anchor and the brand. The perfect complementarity between the web-celebrity anchors and the manufacturers: the factory brand provides the anchors with market-competitive quality and prices; the live e-commerce satisfies the factory brand's demand for traffic, giving the factory brand higher exposure, and the anchors thus break through the situation of cashing in on advertising or bounties, which can be a real win-win between supply and sales. The goods can be called the pivot of the live broadcast. Live e-commerce often sells pop single products, which is also a great test of the supply chain's ability to undertake, because most of the live e-commerce is the anchor directly corresponding to the manufacturer, the manufacturer not only ensures that inventory, logistics, and after-sales also have to keep up. Live e-commerce a pop-up success, forcing the business to have a strong supply chain capacity has played a good role in promoting.

Field

The innovation of information technology and electronic equipment, so that merchants through the mobile phone live can be at any time, any venue to show products, with a strong intuitive, time-sensitive.

Various forms of retailing have been transformed to give users newer, more satisfying

scenarios for their needs. The rise of supermarkets has met the demand for casual shopping while shopping; the rise of e-commerce has met the demand for convenient shopping without leaving home; the rise of social e-commerce has met the demand for instant shopping and sharing anytime, anywhere and what you see is what you buy.

Price

First of all, in explaining the pricing strategy above we first need to understand why live e-commerce why sells cheaper than traditional merchants, but also earns more than traditional merchants at the same time the factory can also earn more than the original profit. First of all, the products produced by the manufacturers have to be transported to the primary distributors, who have to set up storage and labor to distribute the goods.

Place

Because of advances in technology and the internet, as well as the overall development of the courier industry. Coconut companies have demanded supply chain products from external manufacturers without distribution forms. There is no need for distribution staff or agents to be able to get the product to the end customer. And the model now is supply chain value to win.

Live streaming is not a standalone channel, it is a complete supply chain model behind it. Looking at other industries, the supply chain also has an incomparable role in the industry. The form of e-commerce is constantly changing, and while the surface is competing for traffic, the actual competition is for supply chain capability. The future model of Netflix with goods is more about the integration of the supply chain upstream. In the future, who wants to do better and faster, it also depends on who can carry out faster integration of the online supply chain.

People

Live streaming with goods will be the traditional mode of people looking for goods into goods looking for people so that "people" back to the position of the protagonist. People are the essence of live streaming and the meaning of live streaming. One obvious feature is that the relationship between anchors and consumers has become more intimate: the de-branding and de-platforming of live-streaming have become more and more prominent in live-streaming. Users only recognize the person, not the brand, and the person gives the goods a trusting endorsement of the product. Users are assured and happy to buy the goods recommended by the anchor.

People

Like the product I mentioned before, its main target group is middle-aged and elderly people. The first few caregiving-related projects are designed for elderly care and technical care needs. In addition, there are other caregiving needs. For example, those that are only for post-surgical care, or post-cosmetic surgery care. We also provide care for infants and children, as well as for military personnel.

Process

Workflow is critical, and a more proficient and professional workflow encourages patients to accept and adopt in order to choose the organisation. Processes allow patients to eventually choose the company and are an important aspect of the marketing process.

Physical Evidence

Physical evidence essentialist of the marketing, not only for physical businesses, but also for service-oriented businesses.

Operations and Production Plan

TikTok does the beauty and food segments, one of which is a live Netflix studio and the other is a pure e-commerce studio.

The first thing is to create a fresh account persona is the key, to shaking the beauty class red people all have their persona IP. like the beauty industry head anchor: Li Jiaqi, Luo Wang

Yu, and others have a fixed persona, first positioning themselves as what persona, after the output of their persona, can let others trust, so to create a persona is very important, to envision the characteristics of the ego, shaping a persona to make a deep impression. There are many kinds of personas, and we can follow the head anchor to imitate and find our style. From there, we can accumulate fans and then go live or video with the goods.

For pure live-streaming with goods, there is no need to go for padding, such as Luo Yonghao. Register for a Shake Shack account, make the account active for 7 days and brush the same type of video every day, as well as like interactive messages, to improve the weight of the account as well as the active degree. As long as there is a fixed and stable source of goods, register a small shop in Tik Tok to hang links to the categories of goods you want to sell, and directly open the live broadcast.

Production Design and Development Plan

Products and services for live e-commerce

The products and services of live e-commerce involve three main components: people, goods, and Fields.

The diagram below provides a visual representation of the entire range of products and services involved in live e-commerce.



Financial Projections

The income statement expresses a company's sales revenue and profits for a year. It is an important indicator of a company's operations and we will look at the income statement for 2022.

Firstly, let's look at the basic operating indicators.

The company's monthly operating costs are premises costs, equipment costs, staff salaries, and overheads as follows.

The company's revenue per Live streaming is estimated to be:

Section	Instruction	Total
Channel fee (brand fee)	60,000 a channel fee, with an estimated total of 30 brand parties per broadcast	1,800,000
Commissions	Commission for each product is 20% for a total of 60 categories, with an average estimated sales of	6,000,000
Showcase Commission	800,000	800,000
Total		8,600,000

Break-even point:

Fixed cost/price - variable cost = monthly cost/monthly revenue = $12,171,600 / 8,600,000 = 1.41$, so Coconut Live Room can reach the break-even point as long as it starts 2 live broadcasts with goods every month. This is still because this internet era has given such a big dividend, besides the Coconut Live Room is expected to broadcast 2 to 3 live shows per week and is expected to broadcast 10 live shows per month.

1. Because Coconut Live is part of a special online sales company, it is helping other brands and manufacturers to sell their goods. It does not produce and transport the goods itself. The cost of goods is 0. Also, the goods are sent directly from the manufacturer and all returns are done directly by the customer and the manufacturer, so there are no transport costs, so the transport costs are also 0. This shows the special nature of the live e-commerce live studio, which is by far an asset-light and profit-rich company.

2. due to the special nature of the industry, the cost of the webmaster is essential. The annual Chinese New Year, 618 mid-year shopping festivals, double 11 e-commerce shopping festivals, and Christmas these festivals will be invited famous netizens to increase performance sales. At the same time, the number of video resources invested will also increase, so the cost and operating costs of weblebrities will increase in February, June, November, and December. At the same time, the sales of these months will also increase, which is a very important month for every live TV business.

3. We use the Chinese accounting system. Each income is subject to VAT at 6% and corporate income tax at 25%. Take the month of January as an example, the revenue is \$77,800,000. So the VAT payable at 6% is 4,668,000. the company income tax is 25% so it is less all costs $(77,800,000 - 4,668,000 - 13,251,600) * 25\% = \$14,965,100$.

4. Total gross revenue in 2022 is \$1,037,600,000, total costs are \$176,619,200, total tax rate is \$262,057,200 and total profit is \$598,923,600.

Conclusion

1. Live e-commerce is now a profitable industry, and next year will still be a hot year. Therefore, from next year, the company will open new Live streaming rooms and increase the number of Live streaming sessions, so the Live streaming commission will increase significantly. As the industry is hot leading to fierce competition, it will lead to a reduction in channel fees, and peer competition will eventually lead to channel fees dropping to a stable range year by year. Likewise, live commissions will eventually fall to a stable range as the heat decreases. The Showcase Commission (window commission) will also eventually be

replaced as the live-streaming industry gradually develops.

2. As the business will continue to expand in the coming year, a large number of live e-commerce staff will be hired. At the same time, the new office environment and new equipment purchases will lead to a significant increase in costs and depreciation. And with the rise of the business, we will also be inviting a large number of well-known weblebrities to assist in the broadcast to increase our performance, so weblebrity costs and marketing and promotion expenses will go up. The difference is that the cost of the weblebrity may decrease year on year as the competition becomes fiercer. The cost of marketing and promotion, on the other hand, is likely to increase year on year and remain at a stable level.

3. Next year will be an explosive year for net profit, but with the problems of the market having fixed the industry model, the net profit will eventually stabilize at a certain level. This assumes that there are no other irresistible factors.

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