



COCONUT MEDIA MANAGEMENT

by

QUAN YUAN

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION (INTERNATIONAL PROGRAM)

SOUTHEAST ASIA UNIVERSITY

ACADEMIC YEAR 2022

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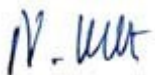
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
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ABSTRACT

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.

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

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Section 1

Executive Summary

Founded in 2012, Coconut Media has more than 10 years of experience in the Internet from business. After more than 10 years in the new media industry, it has been looking for a live e-commerce direction in 2019 and has been exploding ever since. Coconut Media has 100 employees and is now valued at \$100 million.

Live e-commerce started to rise in 2016, and with China's rapid economic growth and also with the development of 5G technology, live e-commerce has grown by leaps and bounds. 961 billion has been made available in early 2020, and with the outbreak of the new crown epidemic, everyone has been restricted to certain areas. Short video and live e-commerce ushered in a new round of benefits, with traffic and capital pouring into the house economy as well as live e-commerce. And with China further regulating the laws and regulations of the live e-commerce industry, relevant policies were introduced. For example, the Ministry of Commerce launched the "Electronic Commerce of the People's Republic of China", and Guangdong Province launched the "Guangzhou Live E-Commerce Development Action Plan", further clarifying the orthodox status of live e-commerce and promoting the vigorous development of live e-commerce. And Coconut Media has followed the explosive development ushered in by the dividends of the times. By 2021, there will be 384 million live e-commerce users in China, accounting for 38% of all internet users. And according to forecasts, live e-commerce users are expected to exceed 800 million by 2024, accounting for 80% of overall internet users. In other countries, the number of new media users is growing at an explosive rate of 10% per year.

In 2019 Coconut Media transitioned from internet media to live e-commerce, engaging in beauty live e-commerce as well as food live e-commerce. From the data, beauty and food are the two segments that live e-commerce users pay most attention to, with sales in the beauty category of live e-commerce increasing by more than eight times year-on-year in 2021. And from the nearly 400 questionnaires also showed that 60.83% and 68.84% of users would focus on the beauty and food sectors of live

streaming. And from the questionnaires, 80% of users already tend to buy goods in their lives from live streaming.

With the explosive growth of live e-commerce, Coconut Media's annual revenue in 2022 is estimated at \$1.04 billion, with total profits crossing \$600 million. Profit margin growth has reached 500%, with a profit margin of 60%. Based on available data, it is estimated that Coconut Communications will be able to break even as long as it live-streams more than 20 shows throughout the year, while Coconut Communications live-streams over 120 times a year. It is expected to continue to grow at a high rate in the next five years.

Coconut Communications' current capital structure is one of its own, and the live e-commerce industry is now a profitable one. However, as competition in the industry becomes more intense, live e-commerce will eventually remain at a normal revenue level. Coconut Media will invest 30% of its annual profits in developing its own industry chain and nurturing anchors, in preparation for opening up foreign markets in the future. It is also hoped that financing will be used to expand its overseas market footprint.

Section 2

Company Description

2.1 Company History

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.

In 2012, Coconut Network Media was established in September and launched "Life hack" on Weibo at the same time.

In 2013, the "Life hack" selection was ranked number one in the industry with 10 million followers across the web.

In 2015, the content was extended to cover all categories of life, and the total number of fans on WeChat and Weibo exceeded 30 million.

In 2016, the WeChat public number matrix was established, including "astrological secret words", "small life wisdom" and "fashion and beauty", covering areas such as home, food, and beauty. In the same year, it set up a beauty and home account on Taobao.

In 2018, invested and incubated some cultural and creative projects with a valuation of over 100 million and received 10 million in investments; meanwhile, incubated IP projects on Weibo, Seconds, Taobao, Today's Headline, Penguin, Meipai, and other platforms.

In 2018, October with the rise of a short video, Coconut Network Media began to stay in Tik Tok, Racer and Volcano and other platforms to develop redneck anchor accounts and incubate related IP.

The strong momentum of live e-commerce has been spotted so far in 2019 with the establishment of Coconut Live. The company's focus will be tilted from a multi-platform like Tik Tok e-commerce platform. Now mainly operates and operates Tik Tok live e-commerce, forming a business model of live e-commerce + IP raising for celebrity anchors.

In 2020, IP incubation/generation operation multi-point flowering, build brand social asset management system.

2.2 Mission Statement

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".

2.3 Products and Services

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.

2.4 Current Status

The company is headquartered on the beautiful island of Hainan, China, in the high-tech industrial park of Jiangdong New District, Haikou. It has set up branches in Beijing, Hangzhou, Chengdu, Guangzhou, and Shanghai. Because it is inseparable from the tropical island of Hainan, the company's name is Coconut Trans Network Media.

The company has a registered capital of 10 million RMB and an existing team of about 100 people, including five company executives: founder & CEO Ms. Yuan Quan, select goods director Chen Junhong, CFO Zhang Hengzhong, technical director Zhang Zixuan and creative director Pan Xiayi. The local branches total 40 people, mainly responsible for the supply chain of each product, 20 video editing, and photography teams, 15 product selection teams, and about 20 anchors. The company focuses on original content, exclusive capabilities, resource advantages, and strong exposure in the MCN space. The company now has a current market cap of approximately \$100 million.

So far, it has signed up a matrix of more than 1,000 dares, including more than

50 quality weblebrities across the network. Among them, super weblebrities account for more than 10 people. The total number of fans across the network exceeds 80 million.

2.5 Legal attributes of the company

The company is a partnership limited by shares, with the founder, Yuan Quan, holding 70% of the shares and the rest held by the company's executives.

2.6 The company's partner brands



2.7 Relevant laws and regulations

The Company follows the laws of the People's Republic of China and adopts Chinese accounting standards, and also follows the E-Commerce Law of the People's Republic of China promulgated by the State in 2018. Other laws and regulations

"Guangzhou Live E-commerce Development Action Plan (2020-2022)" and "Action Plan for a New Highland of Live E-commerce Network Traffic for Quality Sichuan Goods (2020-2022)".

Section 3

Industry Analysis

3.1 Industry Background 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.

For example, top anchor Li Jiaqi. As of November 2019, its entire online following is around 60 million. In Double 11 (China's shopping day on November 11) 2018, Li Jiaqi sold 15,000 lipsticks in a five-minute live broadcast. Double 11 in 2019, approximately 30 million people watched the live stream of Jiaqi's purchases in her live room.

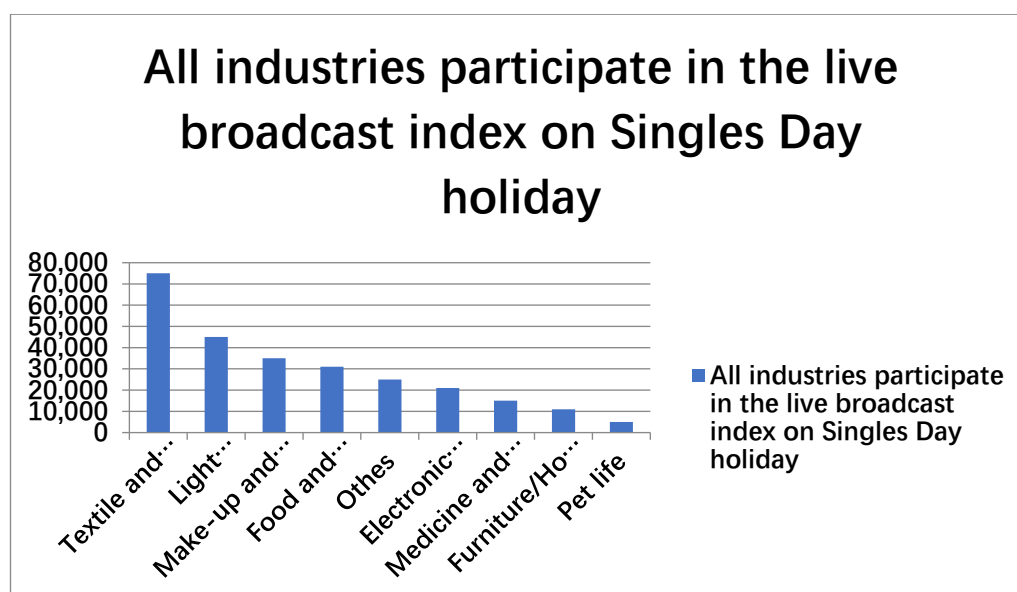


Figure 1. Source: Burning Digital Technology China Merchants Securities

3.2 Major factors driving the development of live e-commerce

3.2.1 Economic factors

From an overall perspective 2022 On 17 January, the 2021 China Economic Annual Report was officially released.

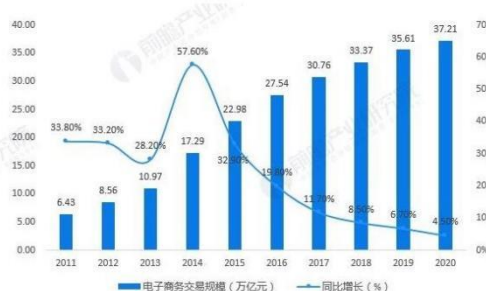
In terms of economic aggregates, China's GDP will exceed 100 trillion yuan for the second consecutive year in 2021 and break through the 110 trillion yuan mark, further increasing its share of the world economy, and its GDP per capita has been approaching the "threshold" of the per capita level of high-income 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.

The total retail sales of consumer goods for the year 2021 will be RMB 440,823 billion, surpassing RMB 44 trillion for the first time and setting a new record high, while surpassing that of 2019, before the outbreak, by 12.5% over the previous year; a two-year average growth of 3.9%. And for the whole of 2021, national online retail sales amounted to 130,884 billion yuan, up 14.1% over the previous year. Among them, the online retail sales of physical goods amounted to 108.042 billion yuan, an increase of 12.0%, accounting for 24.5% of the total retail sales of social consumer goods. (China Economic Annual Report 2021) (Details of China Economic Annual Report 2021: 8.1% growth rate a decade high - huxiu.com)

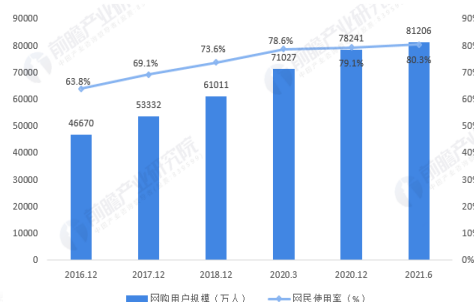
The global economy experienced a sharp recession in 2020 due to the outbreak of the epidemic, and then a rapid rebound recovery in 2021, with the "home economy" developing rapidly. According to the Ministry of Commerce, between 2011 and 2020, China's e-commerce transactions continued to grow, with national e-commerce transactions reaching RMB 37.21 trillion in 2020, up 4.5% year-on-year. Among them, merchandise e-commerce transactions amounted to RMB 27.95 trillion and services e-commerce transactions amounted to RMB 8.08 trillion. The scale of online shopping users is increasing year by year, and as of June 2021, the scale of China's online shopping users reached 812 million, up 29.65 million from December 2020, accounting for 80.3% of Internet users as a whole. (2022 China's Internet e-commerce industry development status and market scale analysis of the rapid rise in e-commerce transactions and the scale of online shopping users [Group Chart] _ Industry Research Report - qianzhan.com)

图表1：2011-2020年我国电子商务交易额及其增长情况(单位：万亿元，%)



资料来源：商务部 前瞻产业研究院整理

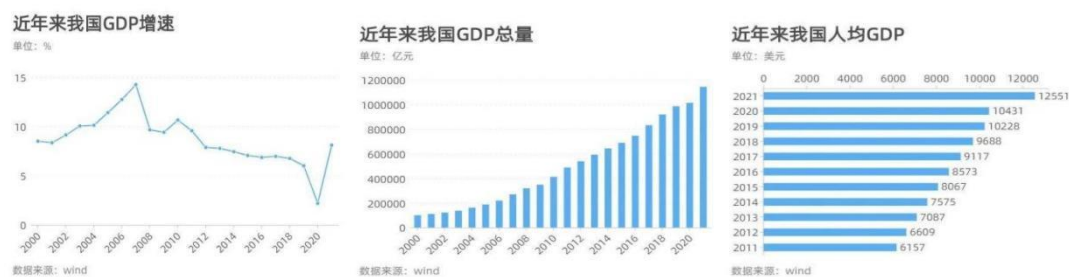
图表4：2016-2021年中国网购用户规模及使用率(单位：万人，%)



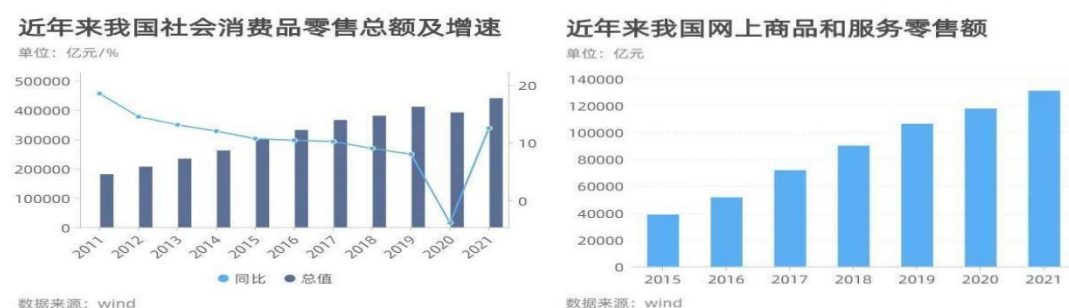
资料来源：CNNIC 前瞻产业研究院整理

@前瞻经济学人APP

Data source: National Bureau of Statistics, China Business Industry Research Institute



Chinese Government Work Report 2021



3.2.2 Social factors

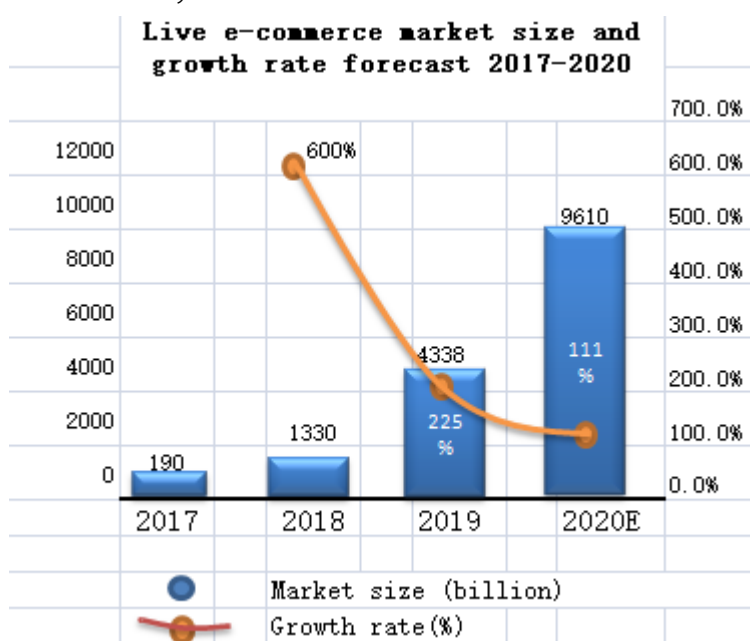
The challenges of the new crown epidemic and the complex and changing international situation are all important influencing factors in the development of the Chinese economy at the moment.

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".

The epidemic has made live streaming a new consumer trend. In this trend, netizen anchors and celebrities are entering the airwaves one by one, relying on live

streaming to refresh their presence in the public eye during closed periods without outside events, bringing goods to products and raising awareness at the same time. In addition to this, farmers, entrepreneurs, and even party cadres have also taken to the air to live-stream their products to bring in goods and raise revenue. And the live-streaming e-commerce market is huge.

Data show that in 2019 alone, China's live e-commerce market size reached about 433.8 billion yuan. 2020's live e-commerce market size is as high as 961 billion yuan.



During this epidemic, most merchants have been pressured by the economy to start live-streaming their products. In the first quarter of 2020, the scale of live e-commerce was as high as 4.1 million, of which the largest proportion was the small and medium-sized enterprises of merchants. Now, the economy is slowly recovering everywhere, but the momentum of live e-commerce is still unabated, and the heat is still climbing step by step. During the past May Day holiday, the number of live e-commerce sessions increased by 1.1 times compared to the previous year, and the number of products involved in live streaming increased by 4.7 times compared to the previous year. (The new model of e-commerce under the epidemic - live e-commerce - (Zhihu.com))

3.2.3 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.

First is the national level: the state has formulated policies to give support and provide a good environment to promote the development of the live e-commerce industry. In February 2020, the Ministry of Commerce issued a "notice on further improving the production and marketing of agricultural products during epidemic prevention and control" to encourage e-commerce enterprises to provide traffic support for channels such as live streaming with goods.

Secondly, at the local level: policies have been introduced around the world to increase support and strengthen organizational safeguards to boost the orderly and high-quality development of the live-streaming e-commerce industry. 2020 March Beijing Culture and Tourism Bureau issued special tips, pointing out that live-streaming of e-commerce classes and other live-streaming does not belong to online performances and does not require application for a "network culture business license"; Guangzhou Municipal Bureau of Commerce issued "Guangzhou Live-Streaming E-Commerce Development Action Plan (In April 2020, the Sichuan Provincial Department of Commerce issued the "Action Plan for the New Highland of Live Streaming E-Commerce Network Traffic (2020-2022)" to promote the "Ten

Hundred Million" project, planning to build Guangzhou into a nationally renowned live-streaming e-commerce capital; in April 2020, the Sichuan Provincial Department of Commerce issued the "Action Plan for the New Highland of Live Streaming E-Commerce Network Traffic of Quality Sichuan Products (2020-2022)" to promote the "Four Ones" project, which plans to build Sichuan into a nationally renowned regional live e-commerce network traffic centre.

Cities such as Shanghai, Qingdao, Chongqing, Jinan, and Yiwu have also released relevant policies as a way to occupy the high ground of the live e-commerce industry. Among them, on December 7, 2020, Shanghai proposed to accelerate the construction of Shanghai International Consumer City, cultivate and develop a new online economy, put forward certain support policies for live e-commerce platforms, live e-commerce bases, MCN institutions, and live service institutions, and vigorously develop the "live + life service industry". (2021 China live e-commerce industry market status and development trend analysis six factors to boost the industry's explosive development- Forward-looking trends - Foresight Industrial Research Institute (qianzhan.com))

Finally, platform aspect: each platform to increase live support

At present, there are three types of live e-commerce platforms: e-commerce platforms, short video platforms, and social platforms. 2020, the platforms increase live support, by optimizing the merchant induction process, open flow support plan, subsidizing part of the goods, anchor training, and other ways to encourage offline merchants to open live marketing.

The E-commerce platform, Taobao Live: was announced on February 11, 2020. All offline merchants in the country can have zero thresholds, free move-in, and free trial operation tools. Jingdong: Launch of "advanced subsidies and public domain traffic support" for anchors.

The short video platform, Tik Tok: launched a 1 billion live traffic support plan for offline businesses, with a green channel for small shops to move in. On 27 March, launched an industry belt business support plan, with zero thresholds for small shops to open and cold start traffic support.

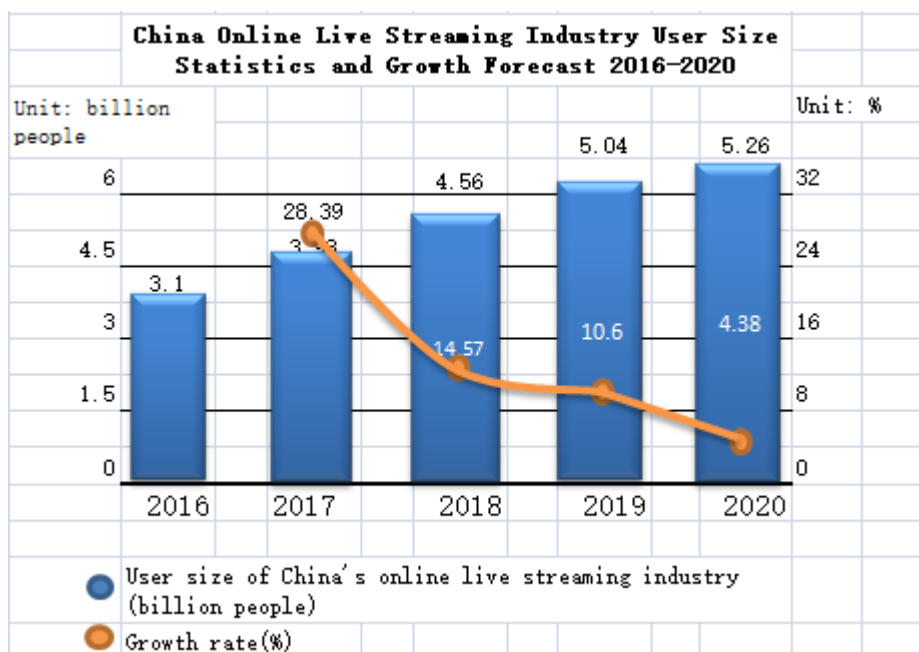
Social platforms, Tencent: On February 14, Tencent Live launched the "merchant war epidemic, Live streaming does not close" plan and the "offline entity merchant warm spring support" plan. Weibo: 28th March. Officially launched Weibo Little Shop, offering zero thresholds to quickly open live-streaming with goods access and free training for assistants with goods capacity.

3.2.4 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 development of cloud computing and big data analysis technology will enable people to find their favorite products more accurately from live webcasts, and at the same time allow live e-commerce to flourish.



Source: Collated by qianzhan Industrial Research Institute

@qianzhan

Economist app

Indeed the boom of this live-streaming boom has a big element of chance, but it has also made companies realize the importance and advantages of online live-streaming. On the one hand, in the Internet era, digital transformation such as online live streaming is bound to be a future trend as technology improves and user behavior shifts. The epidemic is nothing but a catalyst to bring forward the burst of potential market demand.

On the other hand, the advantages of low cost and high efficiency of online live marketing do give companies a taste of the sweetness. Whereas previously online customer service was all one-to-one, it allows for one-to-many, saving a lot of manpower costs.

At the same time, through the vivid and interesting, interactive communication online marketing mode, to enhance their trust, enhance customer stickiness, and target customers, for offline physical shops to achieve the inflow and diversion, a large increase in the efficiency of publicity. Moreover, through online interactive communication, consumers have an initial understanding of the products, which in turn improves sales efficiency.

In addition, the epidemic has led to a better understanding of the live-streaming industry. Live streaming is "what you see is what you get", bringing in traffic through online triggering, and then generating impulse consumption through pop-ups and two-way interaction. It is a unique way of experience that is more deeply rooted in people's hearts and minds, making them trust and rely on it, and may gradually become a consumption habit and lifestyle.

3.3 Industry characteristics of live e-commerce and its competitors

In addition to competing with offline industries, the industry in which live e-commerce directly competes is traditional e-commerce. Live e-commerce is a new form of e-commerce that uses live streaming as a channel to achieve marketing purposes and is a product of the two-way integration of live streaming and e-commerce in the context of the digital era. Traditional TV relies solely on pictures and text, some of which are false, while pictures are often retouched and processed to be more aesthetically pleasing than the real thing. Secondly, traditional e-commerce information is not comprehensive, and a more comprehensive understanding of the product is needed to make consumption decisions. Finally, traditional e-commerce lacks social behavior and can only buy on its own. Compared with traditional e-commerce, live e-commerce broadcast provides live video, and multi-format display of the points and characteristics of the goods, bringing a richer, direct, real-time shopping experience for users, shortening their decision-making time and improving efficiency. At the same time, it can be interacted with through pop-ups even though, users' questions can get timely feedback, allowing users to maximize their emotional experience and enhance social attributes. So live e-commerce has the advantages of strong interactivity, strong professionalism, and high conversion rates. The following chart is a visual comparison of the differences between live and traditional e-commerce.

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

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

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.

3.4 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

Some people have called this an era of "entertainment to death", and as a public figure, the web-celebrity anchor also has a guiding role in the consumer's view of consumption, and in the process of live marketing, the overall quality of the web-celebrity anchor is difficult to control, and the higher-educated anchor will not lead consumers to irrational and crazy consumption for the sake of profit; the lower-educated anchor will not lead consumers to irrational and crazy consumption for the sake of profit. The lower-educated anchors are prone to expand the spread of vulgar, negative, and connotation-free content to a certain extent.

The "Taobao Lipstick One" Li Jiaqi has always been a positive image live with goods."According to Taobao official statistics, he sold 15,000 lipsticks in 5 hours of live broadcast, with a turnover of 3.53 million yuan; 365 days a year, he broadcasted 389 sessions, with an average of 6 hours per session, and tried 380 lipsticks in 6 hours at most. Behind this amazing data is his correct consumer value guidance, he has always advised his audience under the age of 18 not to buy privately and to discuss with their parents in the live broadcast, he also told consumers to use enough lipstick on the line and not to hoard blindly. However, some of the anchors are willing to do whatever they can for the sake of profit, inducing consumers to consume with

"revenge".

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

While everyone has the opportunity to become a bandwagon anchor, not everyone can become a Netflix bandwagon anchor. From Sydney and Feng Timo to Li Jiaqi, Weiya, and Luo Yonghao, the speed of renewal of weblebrity anchors is mind-boggling, and the question of how to become a quality anchor that consumers will enjoy is something that every anchor should consider.

Opportunities

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

The Live streaming process has clear picture quality and high video sound quality, which is conducive to the promotion of products, and smooth video and fast information dissemination, which is conducive to the interaction between anchors and fans, thus it can be seen that technical strength has a strong influence on the Live streaming of goods.

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

With the rapid development of network technology and online entertainment services in recent years, the consumer population on major platforms is becoming younger and younger. Regulatory efficiency has gradually improved, supervision has been enhanced, platform supervision has been upgraded, the requirements for institutional regulation of the conduct of netizens with goods anchors have also become stricter, barriers to online business activities have been upgraded and the development of the industry has been gradually regulated.

"Live with goods", and "live selling" has become the new form of online shopping, Internet marketer "career and added a "live salesman" This is a rare opportunity for live webcasters, which is not only an affirmation of live broadcasters but also conducive to the standardization of Live streaming platforms.

Threats

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

The products selected by Netflix live-streaming are often those with the low unit price and high repurchase rates, and the Netflix anchors can sell the products in a short period with their exquisite image and high merchandising ability, but due to the difficulty in guaranteeing the quality of the selected products, it is difficult to distinguish between the high sales efficiency and the low return rate. The "all-category anchor" is an "all-category anchor". In the recent Hunan TV reality show "Life to Live", Via was a guest in the mushroom house, bringing goods for the stagnant fruits in Xishuangbanna, Yunnan Province, but in the end, the high return rate was surprising. The frequent occurrence of the "Waterloo" between buyers and sellers shows illustrates this problem, and the quality of the selected products needs to be further improved.

2. The irreproducibility of the Netflix anchor

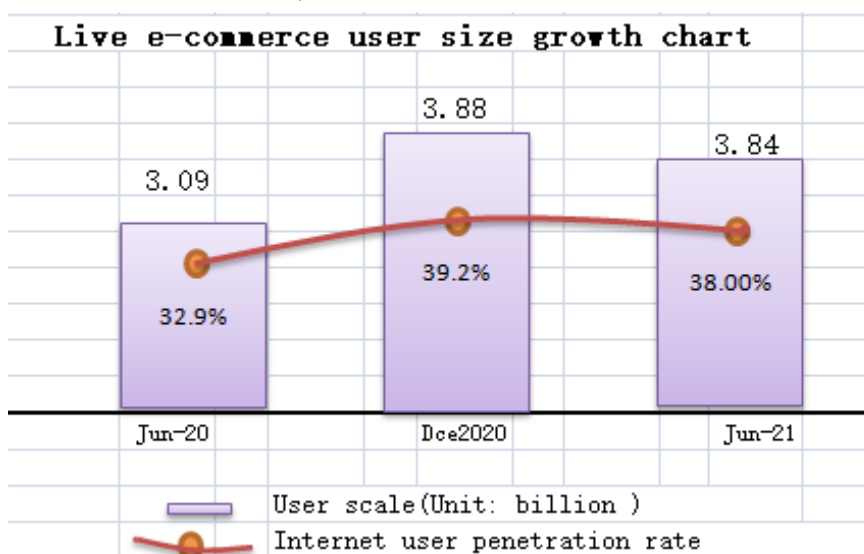
Ren Shiyang, the market supervisor of Settle, has said that in the MCN market, there is always an unrepeatability barrier to the cultivation of net celebrity anchors, Li Jiaqi became famous on the Jieyin platform, and Weiya became famous on the Taobao platform, and in the following years there may be multiple beauty bloggers or multiple full category anchors, but none of them can become the second "Li Jiaqi". But those people are unlikely to become the second "Li Jiaqi" and "Weiya", their channels to become popular are different. As Yu Yapeng, the special assistant to the chairman of Ruhan Holdings, said, the aesthetics of consumers is the first productivity of Netflix, and love is the "engine" that provides the most power.

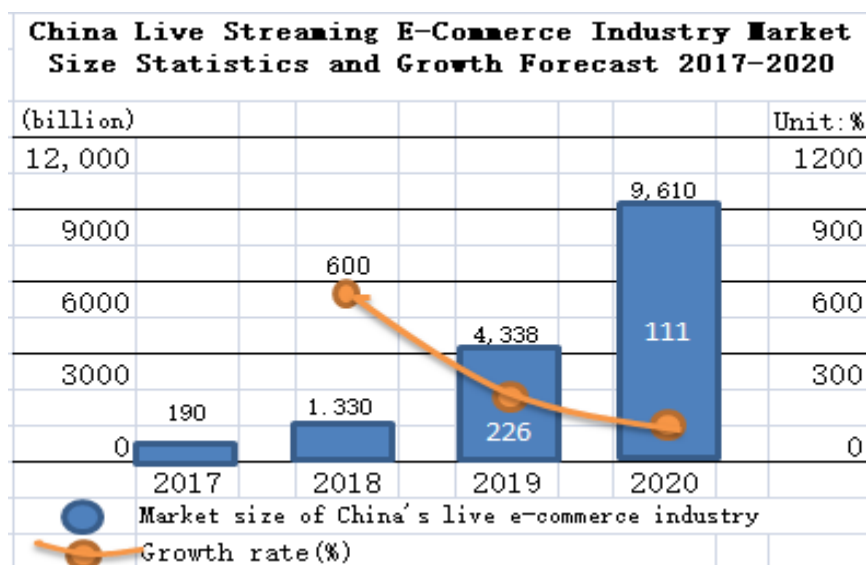
With the booming development of live-streaming, the online live-streaming environment is becoming more and more regulated. As long as reasonable live-streaming is carried out under the condition that laws and regulations are taken seriously, future development can be expected.

3.5 Industry Scale, Growth Rate, and Industry Forecast

3.5.1 Industry structure

As the scale of e-commerce market transactions in China continues to expand, the scale of e-commerce market transactions reached RMB 37.21 trillion in 2020. Although the annual growth rate is decreasing significantly, the overall market will become larger and larger. Compared to e-commerce, live e-commerce is growing at a faster rate. Due to the rapid rise of live e-commerce, the live-streaming industry has once again become the focus of industry attention. In 2020, the growth of live e-commerce was further stimulated by issues such as people experiencing work delays and staying at home due to COVID-19. Not only have all major video platforms increased their investment in live e-commerce. At the same time, top anchors, weblebrities, and corporate third-party agencies have also entered the live e-commerce bandwagon. According to the consulting firm's estimation, the market size of China's live e-commerce in 2019 is 433.8 billion, and in 2020 it more than double in 19 years, reaching 961 billion, while the market size of direct China's live e-commerce in 2021 is expected to exceed 1.3 trillion yuan. Live e-commerce has gathered a huge user base. The information shown by the China Internet Center, Chinese users watching live streaming reached 638 million, accounting for 63.1% of the total number of Internet users. Among them, the size of live e-commerce users is 384 million, accounting for 38% of the total number of Internet users (TIK TOK Live E-Commerce White Paper, 2021).





Source: Collated by qianzhan Industrial Research Institute

@qianzhan

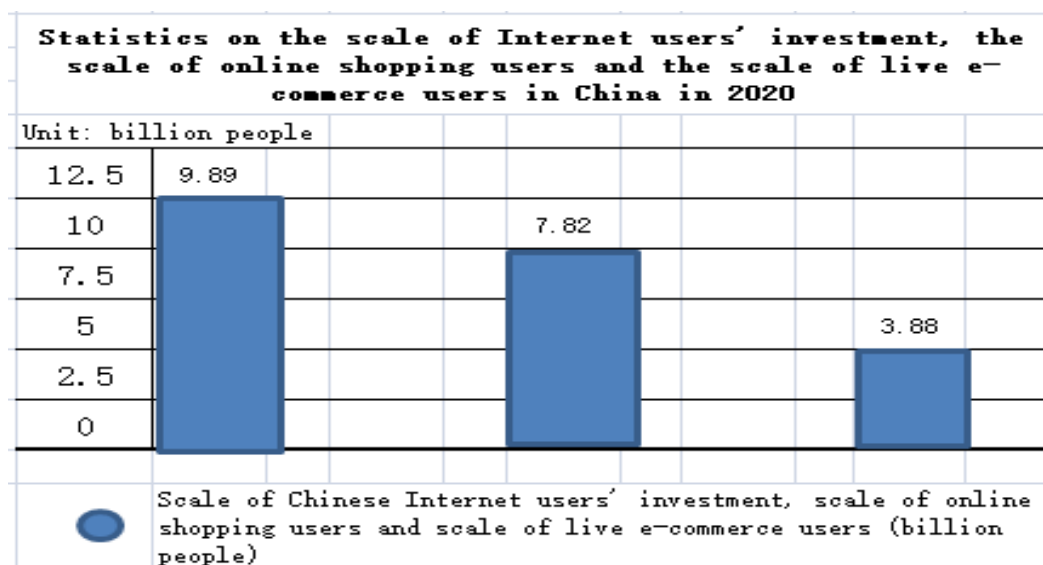
Economist app

In the future, "Live streaming +" will become the new normal of e-commerce, the scope of live e-commerce "people and goods" is rapidly expanding, and Live streaming will become the "standard" of e-commerce. From a long-term industry perspective, live e-commerce will gradually transform from "rough industry penetration" to a "stable business chain", while the focus of traffic will shift to the focus on service, driving e-commerce penetration to further increase.

3.5.2 Nature of industry players

Users: the scale of China's live e-commerce users will be nearly 400 million in 2020

Nearly 30% of internet users are live e-commerce audiences, with high acceptance of live e-commerce by users. The 47th CNNIC China Internet Development Statistics show that the scale of live e-commerce users in China has reached 388 million people as of December 2020, accounting for 39.2% of the overall internet users. The reason why e-commerce live streaming can have such a wide audience is that, on the one hand, it stereotypes and visualizes flat information, and through the anchor's introduction and description of goods and real-time interactive answers to consumer questions, it is more in tune with consumer needs.

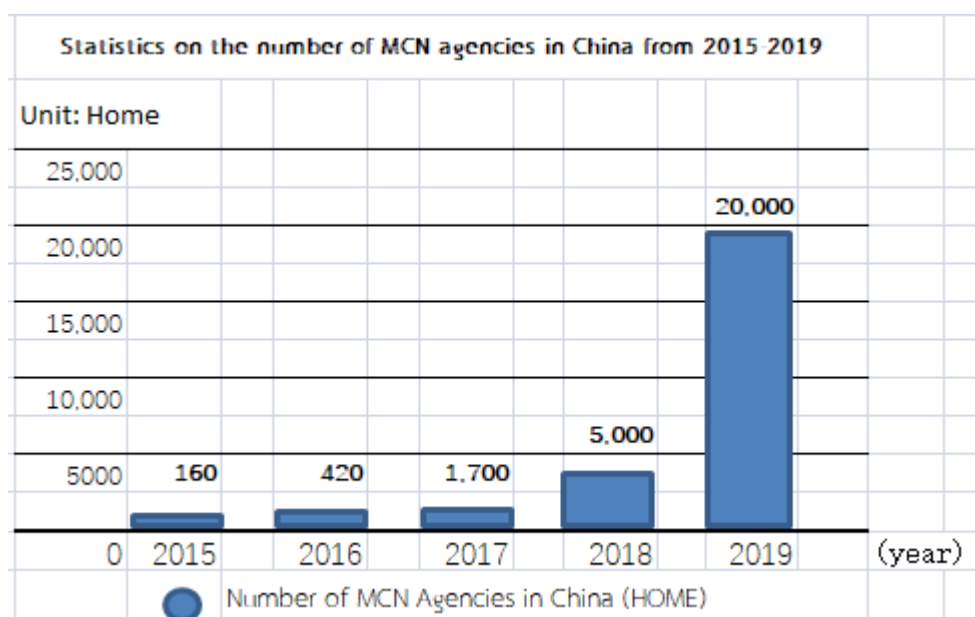


Source: CNNIC qianzhan Industry Research Institute collation @qianzhan economist app

MCN & anchor side: the anchor group is becoming increasingly diverse

MCN agencies assist KOLs in the continuous output of content, connect with supply chains and platform resources, and promote the development of live e-commerce. 2017 saw a spurt in the growth of domestic MCN agencies, with more than 20,000 by 2020.

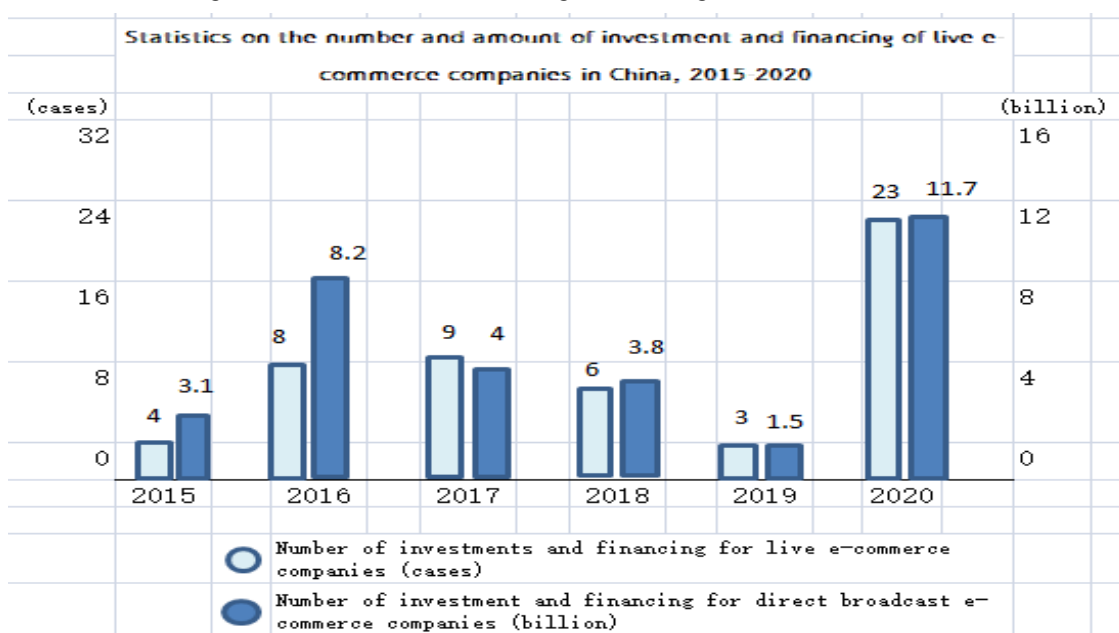
With the rapid development of the netroots economy, the low entry threshold and average salary of anchors attract a large number of entrants, plus in July this year, "live salesman" was certified by the National Human Resources Bureau, and anchors have become one of the most sought-after positions. Under the wind of live e-commerce, anchor groups are becoming more and more diversified, with obvious cross-border features. Stars, pendant KOLs, corporate executives, traditional media, and government officials have entered the Live streaming room, promoting Live streaming with goods "out of the circle", which has become a hot topic of discussion.



Source: Zhejiang E-Commerce Promotion Association Collated by qianzhan Industrial Research Institute @qianzhan Economist app

Capital: rapid growth in the number and amount of investment

In 2020, the whole industry chain of capital laid out the live e-commerce track, and the number and amount of live e-commerce-related investments grew rapidly. Monitoring data shows that a total of 23 platforms in China's live e-commerce sector received funding in 2020, with total funding exceeding RMB1.17 billion.



Source: Zhejiang E-Commerce Promotion Association Collated by qianzhan

3.6 Industry Trends and Long-Term Prospects

Brands and manufacturers dock with e-commerce platforms to provide sources of goods, dock with MCN agencies or anchors, introduce live-streaming platforms for content output, and ultimately guide consumers to realize and transform on e-commerce platforms. E-commerce platforms, live-streaming platforms, and MCNs/live-streaming are the main beneficiaries, with their revenue generally coming from commissions charged as a percentage of the transaction volume.

The live e-commerce industry chain consists of the supply side, the platform side, and the consumers.

The upstream supply side mainly includes commodity suppliers (manufacturers, brands, distributors, originators, etc.); the supply side mainly includes clothing, beauty, food, jewelry, bags, etc.

The midstream mainly includes live streaming service providers, channel platforms (e-commerce platforms), and anchors (weblebrities, celebrity artists, entrepreneurs, and other anchors).

The downstream demand side is consumers. In terms of customer gender ratio, China's live e-commerce ordering users are mainly female groups, with 53.8% of female ordering users and 46.2% of male ordering users. In terms of customer age structure: young and middle-aged users are the main consumer group, with nearly 30% of users watching live e-commerce being post-95 and post-00.

Take Tik Tok China as an example: Tik Tok was launched in September 2016, and Tik Tok had 71 million users in 2017. Tik Tok's domestic daily active users exceeded 250 million and monthly active users reached 500 million. In 2019, Tik Tok surpassed 400 million daily active users. Involving users born in the 1960s and 2000s, Tik Tok has become the largest platform for the dissemination of knowledge, art, and intangible cultural heritage in China. The number of daily active users exceeds 600 million in 2020, (2020 China Tik Tok Big Data Report)

A report by mobile data and analytics company App Annie estimates that TikTok will reach 1.2 billion monthly active users by 2021. According to an April 2020 report by Sensor Tower, TikTok has over 2 billion downloads on both Google Play and the Apple App Store. As of 2020, TikTok is available in 141 of the world's 195 countries. The app is also available in 75 languages. TikTok is very popular in the US. There are over 80 million active users in the US every month. Although the app is very popular among teenagers. As of June 2020, teens (10-19 years old) make up 32.5% of active TikTok users in the US. The second largest share of users is between the ages of 20-29. They account for 29.5% of users. Even older demographics are very active on the platform. Users aged 30-50 account for 37.4% of total users (2021 TikTok World Data Report).

1. 136.4 million active TikTok users aged 18 and over in the US
2. 99.1 million active TikTok users aged 18 and over in Indonesia. 3. 73.6 million active TikTok users aged 18 and over in Brazil.
3. 73.6 million active TikTok users aged 18 and over in Brazil. 4. 51.3 million active TikTok users aged 18 and over in the Russian Federation.
4. 51.3 million active TikTok users aged 18 and over in the Russian Federation.
5. 50.5 million active TikTok users aged 18 and over in Mexico (Tik Tok User Data Report 2022).

From the above data, it can be seen that the number of active users of global short-form video platforms is increasing. According to an analysis of live e-commerce data in China, 40% of active users will buy goods on live streaming and this figure is rising. Other countries have yet to enter the live e-commerce space more deeply. Other countries are still in a blue ocean in the live e-commerce space. In the next 10 years, live e-commerce will not only grow rapidly in China but also has huge potential globally.

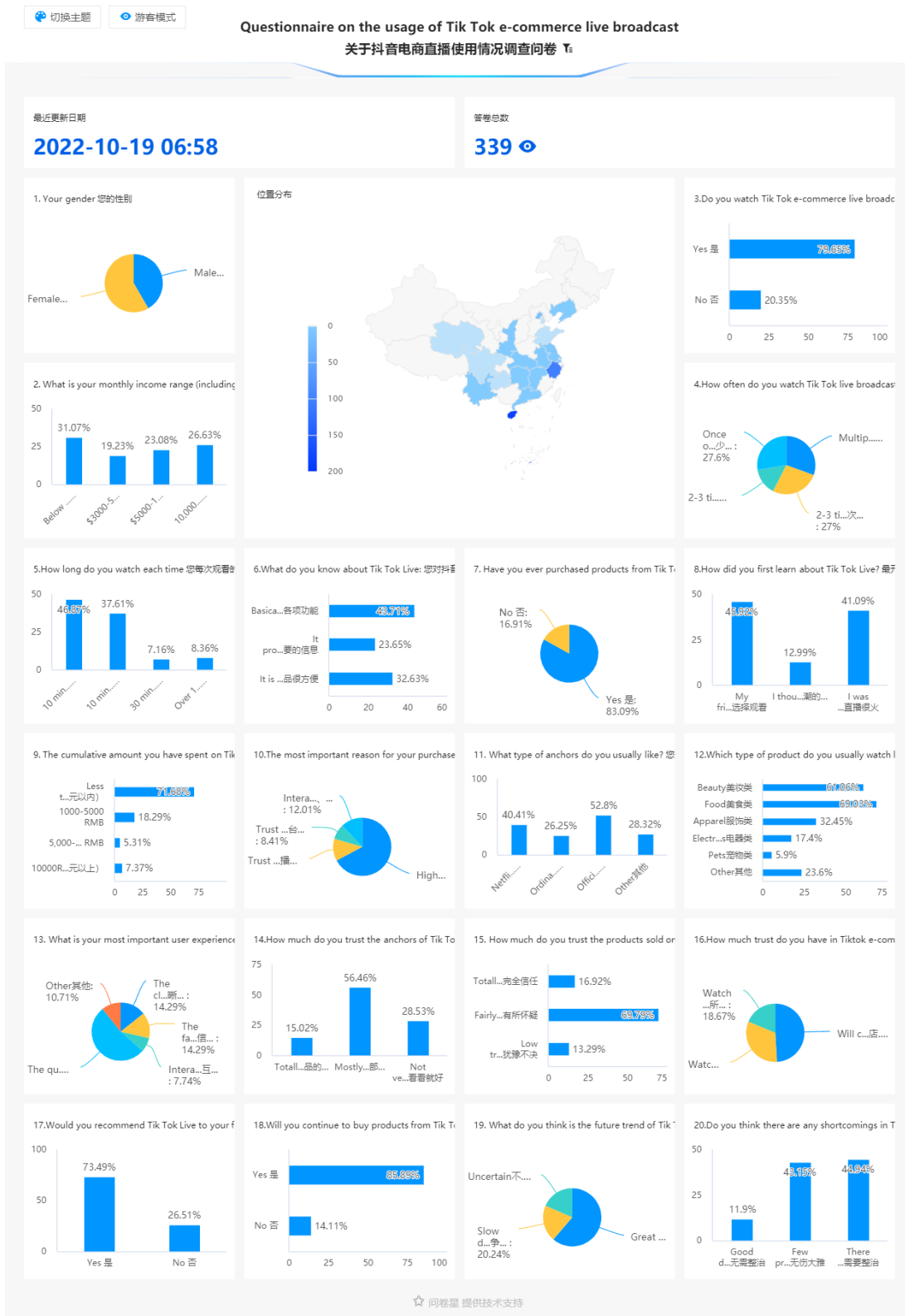
Section 4

Marketing Plan

4.1 Market Segmentation and Target Market Selection

To further confirm that we had chosen the right segment and target market, we randomly posted a questionnaire online about Tik Tok e-commerce live streaming. In total, there were 339 participants, 140 men, and 196 women, with 3 invalid data. Some of the results were as we expected and some were beyond our expectations. According to the random survey, 270 users have been exposed to Tik Tok live e-commerce, accounting for 79.65% of the total. However, 280 have bought something in the live stream, so we believe the number of people who have been exposed to live e-commerce is 280 users or 82.6%. This shows that live e-commerce has become an essential part of people's lives.

And the main reason for 66.08% of users' buying behavior on Tik Tok Live is that the products are cost-effective. The types of products that the surveyed users are more concerned about are beauty and food, with 61.06% and 69.03% respectively, which is a much higher figure than other categories. This is basically in line with the type of direction of our company. Elsewhere, 30.38% of users would watch live e-commerce multiple times a day, 37.17% would stay and watch for 10 to 30 minutes each time, 46.31% of viewers would watch for 10 minutes, and 32.15% of users found live shopping very convenient. While 52.8% of users would choose to buy products from the official live stream, 40.41% would choose to buy from the apparent live stream of Netflix. Some 238 survey respondents believe that the anchors of Tik Tok Live can be trusted, which accounts for nearly 70%. There 71.98% of users will bar live e-commerce recommended to friends and family while the level of trust in your shop is concerned about the merchant's shop rating. Nearly 85% of survey users said they would buy products from a live e-commerce store again, proving that live e-commerce has been integrated into people's basic lives.



With the rapid development of the e-commerce live streaming industry, Tik Tok e-commerce merchants' live streaming has shown a booming and fast-growing trend.

There has been significant growth in apparel, shoes and bags, beauty merchants, jewelry and entertainment, smart homes, mother and baby books, food and beverage, and the 3C digital home appliance industries.

Coconut Media is dedicated to the beauty and food e-commerce live-streaming sector. Through the upstream sector, it provides products to manufacturers, suppliers, and distributors of various products such as beauty and food. The products are strictly selected to form a comprehensive product live room. Looking at the TikTok e-commerce industry report for the first half of 2022, these two market segments still have huge potential. The report shows that the live e-commerce platform format is at an important stage from "intentional e-commerce" onwards. The concept of "e-commerce of interest" is a way to connect products and consumers with high-quality content that meets the potential shopping interests of users. The e-commerce model provides consumers with a quality of life. E-commerce of interest is a combination of product content interest matching and a large number of daily active users on the platform (TikTok E-commerce Industry Report 2022).

In beauty, with the rise of live e-commerce, users have access to a wealth of information to find their favorite products. Instead of passively receiving content, customers are more active in accessing beauty information and are more aware of active searches. 2021 saw significant growth in the live e-commerce beauty industry, with live e-commerce beauty sales set to grow more than eight times year-on-year in 2021. The total annual retail sales of China's beauty industry have reached RMB 402.6 billion and e-commerce has become the largest sales channel for the beauty industry. (2021 Tik Tok e-commerce report)

Food is an important area where domestic brands in Tik Tok e-commerce are thriving. domestic sales in the Tik Tok e-commerce domestic food industry will grow rapidly in 2021, up 547% year-on-year. in the second half of 2021, the volume of domestic food-related content posted on the Tik Tok platform grew 378% year-on-year, and the number of plays grew 324% year-on-year. By the end of 2021, the number of users interested in domestic food and beverages grew by 142% year-on-year. Tik Tok continues to help domestic food development on the platform. 2021 will see Tik Tok

launch a series of flexible and interesting activities around interest-based e-commerce, and continue to help food brands in their development. At the same time, some support policies will be launched to help more quality domestic food and beverage brands thrive. (Tik Tok E-Commerce Report 2021)

4.2 Buyer behavior

With the rise of national consumption and the strong rise of young consumer groups along with the concept of pleasing oneself, the scale of the beauty market is climbing year by year, and the transaction scale of China's beauty market is expected to exceed the 100 billion mark in 2024. Against this backdrop, Tik Tok has emerged as an important position for beauty marketing.

From the Tik Tok Top "Beauty Brands" list in the first half of 2022, the top five on the list were Estee Lauder, Hou, Hua Xizi, My Prophet, and SK-II, dominated by international first-line beauty brands. And in the first half of 2022 on the Tik Tok top "makeup brands" list, the top five on the list were Hua Xizi, FV, Julio, Berry Beauty, and Kazran, with the strength of national beauty brands in the makeup track.

The number of goods priced in the RMB20-40 range accounted for the highest percentage of the Tik Tok short video hot exquisite makeup category, at 19.6%, and the number of goods priced over RMB200 accounted for only 3.7%. The number of products priced in the RMB 80-100 and RMB 100-200 range accounted for a relatively high 18% of the total number of products in the Tik Tok short video hot beauty and skin care category. Meanwhile, the user profile of the beauty category shows a high proportion of young female users and the majority of users in second and third-tier cities. In May this year, the number of beauty live users even exceeded the number of beauty short video users, which can be seen that Tik Tok's beauty live with goods is on the rise.

The female consumer base in the Jitterbug beauty industry is young, with a larger group of users aged 18-24. In the first half of 2022, the proportion of female consumers in both the viewing and transaction portraits of the Tik Tok beauty category exceeded 80%, indicating that female users in this industry have a strong power to

consume content and purchase goods; In terms of age, 18-23-year-olds are more likely to buy and 24-30-year-olds are more likely to consume content.

From the viewpoint of consumer viewing portraits, there are many new first-tier cities, but from the viewpoint of user transaction portraits: users are mostly concentrated in second-tier cities and above, and account for up to 90% of the population, with the sinking market yet to be penetrated. From the perspective of the cities where Tik Tok content is consumed and transactions are consumed, users are mostly concentrated in first-tier cities and new first-tier cities. Guangzhou users love to watch video content, while Beijing users are keen to place orders for purchases.

According to official data from Tik Tok, for the food and beverage segment consumers aged 18-40 account for 75%, with the post-80s and post-90s becoming the main consumer group. The new generation of consumers has more trust in national products, with post-90s consumers preferring national food products and being more pragmatic and rational in their love for them. Female consumers account for 70% of the consumption of Chinese food products, while male consumers account for 30%.

Official data from Tik Tok shows that by the end of 2021, the number of users interested in domestic food will increase by 142% year-on-year. The distribution profile of domestic food consumers in Tik Tok e-commerce shows that the female group has a significantly higher preference for domestic food than men; in addition, users aged 18-40 account for 75% of the total number of domestic food consumers in Tik Tok e-commerce. In addition, the 24-30 age group has a significantly higher preference than other age groups in domestic food consumption, with female consumers accounting for 70% and male consumers accounting for 30%. Female consumers focus on healthy eating, and low-sugar, low-fat and nutritious foods are favored by female consumers. And traditional food brands are constantly innovating and iterating. They are meeting the needs of consumers with young, individualistic concepts. The first and second-tier cities are leading the way in terms of domestic food consumption. When it comes to beauty, skincare and make-up are no longer the exclusive domain of women. Men's skincare awareness is awakening. Research shows

that. 47.4% of men have experience with make-up. Some 23.5% of men say they wear make-up to important occasions. Over 50% of Tik Tok interest users have a daily habit of skincare on time, and nearly 30% of Tik Tok beauty interest users wear make-up almost every day.

4.3 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

4.3.2 Competitor SWOT Analysis

1.Li Jiaqi's Live streaming room

E-business anchor, beauty expert, nicknamed "Lipstick One", partner of Beauty Wrist (Shanghai) Network Technology Co.

Strengths

In September 2018, Li Jiaqi successfully challenged the Guinness World Record for the most number of lipsticks in 30 seconds and became a famous online celebrity anchor. 30 million people bought beauty products in his live stream during the 2019 Double 11 Shopping Festival, selling 15,000,000 lipsticks in 5 minutes, with lipstick sales reaching 3 million RMB in 5 minutes. He is also known as the "No.1 Lipstick Guy" in the industry. He has a strong personal appeal, with a fan base of over 150 million by April 2021, and can sell out almost any product he sells. Public data shows that

in May-June 2020, Li Jiaqi live-streamed 27 shows with sales of 2.3 billion RMB, with average sales of 84.89 million.

Weaknesses

The personal brand is so strong that all fans and users only recognize Li Jiaqi. The sales of the main live stream are growing year on year, while the sales of the sub-streams are too mediocre. Data shows that in the absence of Li Jiaqi's live stream, sales are only 1/10th of what they normally are.

Opportunities

In the whole live e-commerce industry, Li Jiaqi is ranked in the first and second positions. He can use his appeal to quickly train his downline of IP anchors or recruit Netflix anchors so that his anchors can grow quickly and make up for the shortcomings of his live room. You can also use your reputation to develop your beauty factory or supply chain so that your products are more advantageous.

Threats

In the 2021 Double 11 shopping festival, Li Jiaqi's sales on the day were 10.6 billion yuan. And with 4,000 shops, the whole year of 2021 revenue of Namek is 9.07 billion. Some investment institutions conservatively predict that on November 11, 2021, Li Jiaqi's conservative revenue will be 2 billion. Just as people marveled at its high income, the State Administration of Taxation informed the news that Li Jiaqi had paid 1.7 billion in back taxes. June 2022 was even a three-month-long hiatus from broadcasting. So, well-known netizen anchors have to comply with the law while getting huge profits so that a company can function properly.

2.Vea's Live streaming room

The No.1 female anchor in Taobao, who has won the No.1 spot in China's live e-commerce sales.

Strengths

Started doing clothing in 2009, moved into traditional e-commerce in 2012, and was one of the first companies to start live e-commerce in 2016. Through their good

image as well as their excellent clothing sales experience, they became the first batch of people to eat the live e-commerce dividend. 2016 May, the first live e-commerce viewing number of 5,000 people, October 10, 2016, daily sales of 70 million. 2021 double 11 sales of 8.2 billion. Has a strong sales team and supply chain, and has trained its anchors to be competitive. Also invested in many factories and companies to provide a strong sales network for its products.

Weaknesses

There are no weaknesses at its peak and is employed by the industry as the industry benchmark. Anything can be sold, and on April 1, 2020, Veya sells a \$40 million rocket with launch services. But by December 2021, Veya had violated tax laws, evaded \$600 million in taxes, and was fined and paid \$1.3 billion in back taxes. At this point, Veya's main Live streaming ceased.

Opportunities

Although its IP live streams have ceased, the live streams of its cultivated anchors still exist. It can still provide products through a strong supply chain to carry goods live.

Threats

Live e-commerce has so far been a profitable industry, but will eventually return to a normal level of profitability as the number of competitors increases. Anchors in the frontline still need to comply with the law so that they can make their live streams last.

3.Luo Yonghao's Live streaming room

Luo Yonghao is a famous publicist and entrepreneur. Founded Hammer Technology, T1 mobile phone then ran poorly and owed 600 million in debt. On April 1, 2019, set up a make-a-friend live room. The first day of sales exceeded 100 million, the end of 2019 to pay off 600 million in debt, and become the first brother of Tik Tok live.

Strengths

The slogan of the Live streaming room is to ensure that the quality is true, as long as the fake goods are found, fake ones are to pay three times the cash. The

company has a strong team of anchors, training more than 20 big anchors and 60 assistant anchors. The sub-category brands cover all small goods categories, under which there is a cross a friend wine live room, a cross a friend trendy women's clothing live room, a cross a friend light luxury live room, a cross a friend fresh food live room, a cross a friend parent-child live room, a cross a friend snacks and food live room, a cross a friend life appliances living room and so on. Almost all goods are covered, except for goods such as cars and real estate which are long-term decisions.

Weaknesses

As it is not part of the Netflix live stream, it may not have a higher fan appeal than the Netflix live stream. Therefore, the total sales volume will be lower than that of the big websites.

Opportunities

As the industry becomes more and more regulated, live webcasting regulations are established and perfected. As the industry becomes more and more regulated and the regulations on live webcasting are well established, it is only through this type of Live streaming that the Live streaming rooms can become a popular consumption venue and the Live streaming rooms will not be closed due to the personal problems of the head anchors.

Threats

Still need to quickly establish their supply chain system, to ensure quality while increasing their profits.

4.CoconutLive streaming room

Strengths

Coconut Live focuses on the live e-commerce circuit for beauty and food, with its strong supply chain and sales authorization for major brands. We can guarantee the quality of our beauty and food products and at the same time increase profits. Coconut Live will train its anchors and weblebrities, using the fan economy to increase its sales.

Weaknesses

The category of Live streaming is smaller than other well-known live broadcasters,

and other categories of products do not have the price advantage to sell well in the live broadcast.

Opportunities

As the sales of Coconut Live became more stable, sales increased gradually. Other categories of merchants are coming to us for cooperation, and when we have talked to enough of them, we will open up a new general merchandise live-streaming room to further increase our profits.

Threats

As live e-commerce grows faster and faster, the industry is becoming more and more formal. Competition is fierce in all live-streaming rooms, with both weblebrities and celebrities coming down to open live-streaming with goods. And major brands have also opened their brand live room, and although only users who have loyalty to the brand will choose to buy, the competition is not as comprehensive live rooms or even living rooms as the netizen category. But if this continues, the profits of live e-commerce will not be as high as the original, and eventually, the whole market will return to the normal market level. So we need to accelerate the development of our live room scale to occupy a place in the future live e-commerce industry.

4.4 Projected Annual Sales and Market Share

Coconut Live will conduct 2 to 3 live e-commerce shows per week, and each month is expected to be 10 live shows. Each sale is expected to be 8.6 million, with monthly sales of 86 million. There are five special sales days for special holidays such as 6.18, Double 11, and Christmas, with sales expected to be \$20 million each. Annual sales are expected to be 1.1 billion. This represents 1% of the entire live e-commerce beauty and food industry.

4.5 Marketing Plan

Based on the questionnaires used, we have learned that people are now choosing live e-commerce to shop, regardless of their income, and that live e-commerce has become an inseparable part of people's lives in China. The majority of users watch

live e-commerce shopping 2-3 times a week for an average of around 10-30 minutes each time. Many users are already buying the necessities of life through live e-commerce, mainly because of the cost-effectiveness of the products. The results of the survey show that users prefer beauty, food, clothing, and lifestyle products.

Thanks to the convenience of the internet, live e-commerce customers can be of all ages, in all regions and cities. Wherever the internet and courier can reach, there is a customer. With the above information, a marketing plan will be made.

4.6 Overall 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.

People

Consumers have changed from active to passive consumption. Originally from the active to search for demand. It has changed to the anchor to explain the product, listen to the anchor, and passive consumption. Active consumption in the search choice requires a long time of brand import process, but passive consumption, the spread of traffic, and the interaction between the two will greatly reduce the user's shopping decision time.

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.

Goods

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

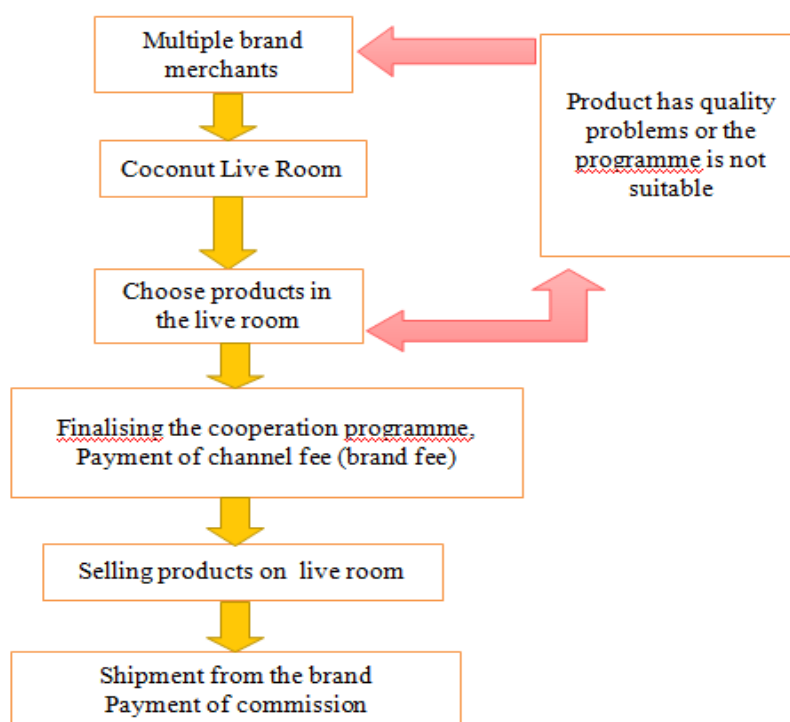
The innovation of information technology and electronic equipment, so that merchants through the mobile phone live can be at any time, any venue to show products, with a strong intuitive, time-sensitive.

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.

The overall marketing process is for the upstream brands & manufacturers to connect to the midstream company's live stream, the company introduces the goods to the downstream live stream platform for content output, and ultimately leads the downstream consumers to transform the goods to the present stream on the live stream. Its revenue generally comes from channel fees (brand fees) and commissions charged as a percentage of transaction volume.

The entire marketing process is shown in the diagram below



4.7 Pricing strategy

First of all, in explaining the pricing strategy above we first need to understand why live e-commerce 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. There is transport to secondary and tertiary distributors, and

then these distributors go to the various city shops. The shops go through the process of renting shops and employing staff before selling to customers at market prices. The cost of such layers will eventually be added to the consumer, while the business model of live-streaming with goods is that the manufacturer to the live-streaming platform and then to the customer, there are not so many intermediaries, so a lot of marketing costs are eliminated, and this part of the cost can naturally be used to lower the price. Customers can get lower prices than in the market, manufacturers can earn more profit than they would otherwise, and our company (live-streaming) can earn channel fees (brand fees) and commission fees.

Pricing scheme.

A live broadcast with the participation of the customer, the manufacturer, and our company.

The manufacturer hangs out the goods in the live stream with a price tag of \$100, then our anchor carries the goods and pays the live stream a channel fee (brand fee) of \$60,000 and sets the commission at 20%. Then.

Step 1: merchant expenses for 60,000 yuan channel fee (brand fee) + display samples

Step 2: The customer is in our Live streaming room, sees the anchor is recommending this product, and decides to buy it, then the expenditure is 100 RMB and a total of 10,000 customers buy this product in a day. Total sales revenue 1 million yuan.

Step3: this product live income $100 \text{ yuan} * 10,000 * 20\% + 60,000$ channel fee (brand fee), a total of 260,000 yuan.

Step 4: Merchant revenue of \$1 million in sales - live stream revenue, totaling \$740,000.

4.8 Distribution

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.

Supply chain integration capabilities: Starting in 2019, more and more people are participating in the chess game of live-streaming with goods. Anchors form a community marketing with their fans, and then pass their fans' needs directly to manufacturers. Top anchors such as Veya have their factories and are working with more than 40 factories, some of which produce an average of 20,000 orders per day for Veya, but this is only a fraction of all her clothing orders. The huge economic benefits in front of her also allow the live supply chain to form a new species of supply chain system. The live supply chain has as many as 10 models such as brand collection models, factory production models, and boutique combination models. In Hangzhou, Guangzhou, and other coastal areas, as long as there is a large enough warehouse, part of the live room as a show, and then, in turn, separated the selection area, display area, or even directly is the warehouse, to meet the retail "people, goods, field" three elements. Such a "supply chain base" is being rapidly replicated among anchors. Closer to the goods, closer to the anchor, and closer to the needs of the consumer. Compared to the traditional supply chain model, the netizens, as the demand (shopping guide) side, are directly connected to the production side of the product, eliminating the retailer as a carrier. The original wholesale clothing business has been disrupted by these "supply chain bases" brought up by the anchors.

Supported by huge traffic nodes and driven by live streaming, the webcasters have integrated consumers - e-commerce platforms - suppliers - factories - brands - netizens (MCNs) to form a huge supply chain network system, collaborating and

iterating rapidly.

Section 5

Management Team and Company Structure

5.1 Management Team

Ms. Yuan Quan, the founder & CEO, has a Master's degree in Business Administration and graduated from Southeast University. She has been in the new media industry for 10 years and in live e-commerce for 4 years. She has an in-depth study of new media and an in-depth understanding of the live e-commerce market at home and abroad.

In 2011, she graduated from Liaoning Foreign Trade and Economic Cooperation, majoring in media and media, and joined Veolia, a Fortune 500 company, in the same year.

2011-13, May, served as the Secretary of the Board of Directors of Haikou Veolia Water Services Co.

From 2013 to August 2014, joined the marketing and PR department of Weibo. In September 2014, returned to his hometown and founded Coconut Media.

2015, invested in office and developed a Weibo and WeChat public number matrix in Fuxingcheng Venture Industrial Park, gaining thousands of followers.

2016-18 Invested in and incubated some cultural and creative projects with a valuation of over 100 million and received 10 million investment; also incubated IP projects on Weibo, Seconds, Taobao, Today's Headline, Penguin, Meipai, and other platforms.

In October 2018, moved into a short video platform and set up a coconut live studio in 2019.

Enrolled in the MBA program at the University of Southeast Asia in 2021.

Mr. Chen Junhong, Director of Product Selection, entered the e-commerce industry in 2008 and has been in the e-commerce industry for 14 years. He has a keen awareness of freshness and high-quality products and can select popular products from a large number of products.

Mr. Zhang Hengtai, Chief Financial Officer, graduated from Sydney University with a double degree in accounting and finance. He worked at Big 4 Ernst & Young for 3 years. He is a trustworthy financial partner.

Ms. Zhang Zixuan, Network Technical Director, has been in the live industry for 10 years and has very rich IT skills.

She was a Java development engineer at Citi Software (Dalian), a senior development engineer at Ali, and a technical expert (P8) at Tmall.

Mr. Pan Xiayi, Creative Director, has 30 years in the photography and video industry, and 10 years as a scriptwriter and creative. Rich experience in scriptwriting.

There are 30 people in all branches, mainly responsible for the supply chain of each product, 10 finance staff, 20 video editing, and photography teams, 15 product selection teams, and about 20 anchors.

5.1.1 Biographies of some executives

Junhong Chen, Director of Product Selection

Joined Alibaba Group in 2007, working in the media PR department.

In 2009, he worked in the Marketing Department of Alibaba Group and organized the Alibaba Online Business Conference, which was attended by 20 million online businesses nationwide.

In 2010, he worked for Alibaba Group China Yahoo, responsible for China Yahoo branding and marketing, and also represented Alibaba at the Shanghai World Expo.

In 2013, worked for Taobao.com, responsible for Taobao's special sales.

In 2014, joined Coconut Media Network Co., Ltd. and took up the position of Director and Operations Director.

In 2019, set up Coconut Live and became the Director of Selection.

Since 2020, he has selected over 1 million products and become a partner of the company.

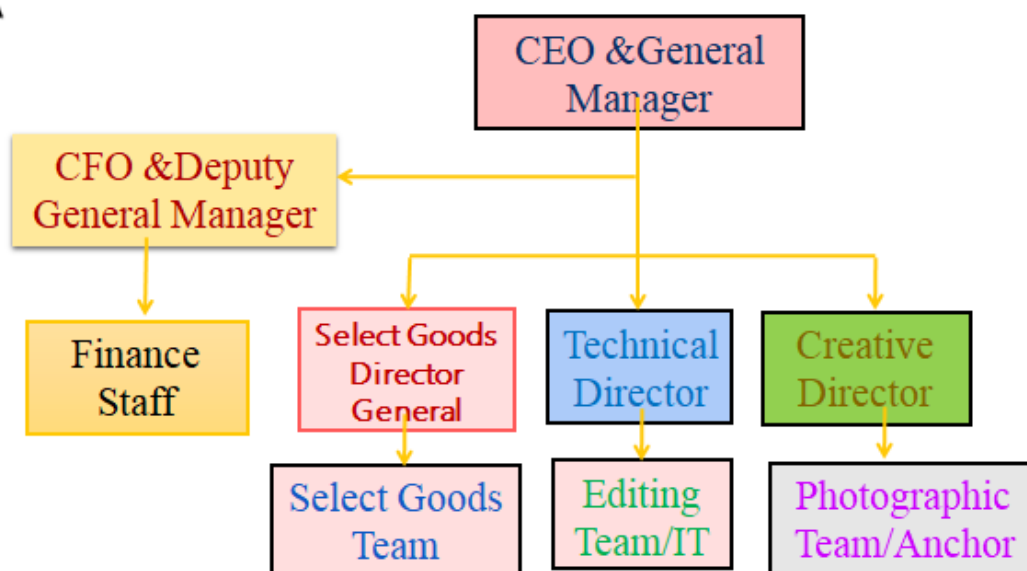
Zhang Hengtai, currently Vice President and Finance Director of Coconut Media Network Co Ltd, graduated from Sydney with a Master's degree in Finance and Accounting.

From September 2012 to June 2015, he worked as an auditor at Ernst & Young Hua Ming; audited Federal (China) Express, Foxconn, and many Japanese companies in China. Very rich experience in auditing and finance.

From July 2015 to May 2018, worked as Finance Director of Coconut Media Network Co.

Since 2019, he has established Coconut Live and served as Vice President and CFO.

5.2 Corporate Structure



5.3 Job responsibilities in each department

5.3.1 Administration department

1. The administrative department is an important and comprehensive department of the company. It is required to continuously improve the level of comprehensive management and coordination internally, deal with industrial and commercial inspection, safety inspection, environmental protection, internal construction, development and reform, social security, and other organs, and summarize the work of the administrative department.

2. Responsible for the management of general affairs. Strengthen the dormitory, canteen, water and electricity, office supplies, piecemeal maintenance, some fixed assets, health, and environmental management.

3. Safety and security. Strengthen staff access, official staff, vehicles, fire safety, safety prevention, occupational safety protection management, and staff safety education, implement the guiding ideology of "safety first" and "prevention first", create a peaceful working and living environment and ensure The company's employees' lives and property are safe.

5.3.2 Human Resources Department

The Human Resources Department has six main modules: human resources planning, staff recruitment and deployment, training and development, performance management, payroll management, and labor relations management. This is the basis of human resources work and is related to overall strategic issues.

1. Human resource planning according to the enterprise development strategy.

2. organizational structure design, organizational structure design and personnel job descriptions, and other company human resources management systems are important links, only to clarify the responsibilities of each position, recruit the most matching corporate talent, to provide a strong basis for the development and implementation of performance management objectives, but also to ensure the smooth implementation of internal communication.

3. System establishment: Develop a human resources management system by the development of the enterprise, organize, coordinate and supervise the implementation of the human resources management system and processes, and carry out continuous improvement according to the time situation. In the new company setting up the handbook is the beginning of each member understanding the company and the important system norms in the development of the enterprise, in the business development according to the business model to summarize the business belongs to the supplementary system to air the operation of the management system, not only to protect the staff by the requirements of the

company and customers to implement the plan, the same, when the staff in the live violation of the live ban or violation of national laws and regulations, should avoid unnecessary losses.

4. Personnel recruitment and allocation: Recruitment consists of needs analysis - recruitment plan - recruitment implementation - follow-up evaluation and a series of steps, recruitment, and job matching cannot be regarded as separate processes, but interact with each other, interdependent two links, only the recruitment of appropriate personnel and effective job matching to ensure that the significance of recruitment is achieved. In the fierce live competition, securing professional and young talent is a priority.

5. Compensation and benefits management: develop and monitor corporate manpower cost budgets, conduct regular market analysis and research, and develop compensation plans based on talent development to provide a basis for all decisions.

6. Implementation and use of performance management: The so-called performance management refers to the achievement of organizational goals by managers and employees at all levels, participation in performance planning, performance coaching and communication, performance evaluation, application of performance results, enhancement of cycle performance targets, and performance management as the purpose of continuously improving individual, departmental and organizational performance. From the definition of performance management analysis, performance management can not only promote the achievement of business objectives but also improve the management skills of middle-level cadres.

7. Training and development: Employee training refers to activities implemented by companies in a planned manner to help employees learn job-related competencies. These competencies include the knowledge, skills, and behaviors that are critical to job performance. Employee development refers to activities such as formal education, on-the-job practice, interpersonal interaction, and personality and competency assessment.

5.3.3 Finance department

The finance department is responsible for the management, accounting, supervision, and direction of the financial affairs of the business. Its management function is to prepare and allocate the financial budget of the company according to the development plan of the company and to manage the implementation of the budget. Its accounting function is the operation of the company's production and operation and capital accounting; its early warning and prompting function are to warn and prompt the chairman of the company's capital feedback operation.

1. Accounting: implement the accounting standards of the People's Republic of China and improve the company's financial accounting system; timely and accurate accounting treatment of the company's economic operations; accurate and timely preparation of financial reports; participation in the analysis of the company's operations and provision of accurate and timely financial information for decision-making.

2. Capital management: raise funds for the company's production and operation; allocate the company's funds reasonably and efficiently; regularly analyze the company's capital management capability; analyze the company's credit and debt control; provide good financial support for the company's production and operation.

3. Cost control: develop cost control measures for the company and publish target costs for each product or project; monitor the range of costs incurred and verify the authenticity and legality of the company's costs; carry out a cost analysis, make preliminary processing recommendations and provide accurate cost data for the company's tender quotations.

4. Internal controls: check and evaluate the company's internal accounting controls and propose improvement measures.

5.3.4 Legal department

The importance of establishing a legal department The company is the most active economic entity in the modern market economy activities, with the development of the market economy and the need for legal affairs, the company according to the rule of law is to ensure that the company's decision-making,

rationalize the rules and regulations of the internal security, is to ensure that the company's legal compliance management is an important premise, are an important means to protect the legitimate rights and interests of the company. Second, the establishment of the legal department is to maintain their brand, is to maintain the company's intellectual property rights needs. Thirdly, the establishment or setting up of the company's legal department is necessary for the long-term development of the company. With the deepening development of the market economy, the increasing competition in the industry and the increasing integration of the global economy, and with the gradual improvement of the domestic legal environment, it is necessary to continuously establish, improve and perfect the legal department for the prevention of legal risks of the company, to control and cope with the possible legal risks.

The scope of functions of the company's legal department The functions of the company's legal department can be broadly divided into two categories: one is the company's management functions, reflected in a positive sense in the development and management of the company; the second is the legal remedy functions, reflected in the coordination, arbitration and litigation of the legal department after the occurrence of disputes. (1). The management functions of the company's legal department: (a) To assist management in making decisions by the law and to escort the company's long-term planning. (b) To establish or improve the company's internal rules and regulations.

Section 6

Operations and Production Plan

6.1 Mission

In the Tik Tok platform to do of beauty and food two categories, first through in the upstream area, the supply side of the main beauty, food a variety of products manufacturers, suppliers, distributors, etc... After the strict selection of products, composed of a comprehensive category of goods live room. From the first half of the 2022 Tik Tok e-commerce industry report, these two market segments are still very promising. TikTok live streaming is perfect for the food and beverage and beauty industries. Because of the natural live gene, and with high frequency, low unit price, is just demand and other characteristics, food and beverage and beauty industry can very much drive the consumer shopping desire. These two categories have a relatively low barrier to entry and have huge market potential. In addition to this, the popularity of the Tik Tok platform is very high and it can drive sales to a great extent.

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

6.2 Business model Model

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.

6.3 Strategy

6.3.1 Overall start-up strategy

The initial stage, when the account has just been created, with no tags and no weights, is like a blank sheet of paper, and you need to start doing the first steps of the operation. At this stage, we need to take small steps, test step by step, and clear positioning, to achieve the purpose of a stable starting number.

1. Raising numbers in advance to ensure account activity.

2. Getting the shop through the newbie period through cooperation, paying attention to the shop's word-of-mouth and experience scores.

3. High-quality short video content release, try dou+, pay to buy traffic based on the video run.

4. Get the account to 1000 fans as soon as possible.

5. Account word-of-mouth score, which is the basis of natural flow, word-of-mouth did low, the system cut off your natural flow, or even unable to pay to cast flow.

6. Video teaser open broadcast, open broadcast to measure the flow, you can try to push with the heart.

7. The first three live focuses on live interaction, increasing powder and other shallow data, live time does not have to be too long, go to the use of data card yellow offline broadcast.

8. Slowly increase the length of live broadcasts, appropriate to increase the live marketing activities.

Just started the number, there will certainly be questioned moments, to do is to put the user's questions properly answered, whether in the live or late shooting short video response, to accumulate a fan with care, and strive to convert into loyal users as soon as possible.

In the middle and later stages to see the data appropriate to invest in Chikawa, expand the flow of entry, but need to pay attention to the ratio between the transaction and the total transaction. Continuously make deals, and calibrate the positioning of the crowd, so that the flow of high-level is more stable. Explosive serial sales, increase the unit price, operate the user, and continue to increase the single GMV climb so that the live room has the feeling of snowballing. Finally, by incubating sub different accounts with multiple contents, go to increase consumer awareness and love, and improve conversion rates.

6.3.2 Live Streaming Process

First, choose a live theme: Before live-streaming with goods, choose a live theme. Will it be a fan welfare special? Or is it a brand-specific event? What will the Live streaming present to the user? Product or value? What needs can be met by the user?

Secondly, develop a live preview program: how to pre-heat the Live streaming to attract traffic and attract popularity for the live room? Which pre-heating methods are highly feasible? What preheating methods work well? How much traffic is expected to be attracted to the live broadcast? Think clearly about these issues, to develop a reasonable teaser program for the live frame to attract traffic.

1. preheat the short video 3-5 days in advance of the release of preheat short video, with bait to attract users to pay attention to you, and then live when you enter the live room. 1-3 hours in advance of the release of short videos, During this period the system will recommend our video to different users, the audience led to the live room.

2. off-site pre-heat publicity can be shared in other community platforms Racer live time and content, including microblogging, circle of friends, Qzone WeChat public number, WeChat group, QQ group, community, etc., as far as possible to attract

viewers to enter the live room, and then arrange live content.

Currently, in the live marketing process, the most common marketing methods are as follows.

1. have bought have sent in the marketing industry, discount, full reduction, activity price

2. "limited time sale", "limited seconds" and other discount promotions to promote single. Limited time limited supply of products can improve consumer perception of product value, and increase product attractiveness, thereby increasing product sales.

3. lottery, and welfare giveaway, there are many lotteries and welfare giveaway links in the live process.

4. price tactics low price is the main motivation for fans to follow the anchor, a big discount on goods means that fans are more diehard followers.

Before the Live streaming

1. Live streaming team structure

Main broadcasters: introduce the main activities, introduce the products, coordinate the whole scene, fan interaction

Sub-cast: drive the atmosphere, introduce promotional activities, remind activities, selling point reminder, guide attention

Assistant Broadcaster: Real-time understanding of sales, orders, reminding the anchor, off-air interaction, - mainly assist the anchor to introduce product features, and characteristics, seed products, and assisting the anchor and user interaction

Central control: responsible for live product price change, inventory check, activity discount settings, small shop background settings, PC live end product explanation with

Operation: responsible for live data operation, promotion, overall rhythm, etc.

Operation editing: responsible for Live streaming before, video shooting, and editing work

Customer service and after-sales: responsible for after-sales customer questions,

product answers, pre-sales consultation, etc. during the live broadcast

2. Selecting goods

The diversion section: also known as the "hook section", or "spike welfare", generally refers to the low price of the product, to help them live room to pull new.

The profit section: also known as the "high price section", the product to profit as the starting point, for high profit.

The main push: there are profits, cost-effective, or data-based style

Secondary push models: with, or live to cater to customer groups, seasons, etc. generated by the style

3. Live Streaming Script Writing

Live flow chart: including timing, live content, anchor arrangements

Product selling points: the team communicates together to find product selling points

Promotional measures: issuing red packets, coupons, and other promotional measures

Spoken words: organize the words to be spoken by the anchor into small cards

Interaction techniques: increase the initiative of interactive guidance, topic guidance, attention to guidance, discourse needs to be a simple cycle, increase the verbal god of questions, try to choose questions, more use is not? Is it right? Are there any? etc.

Circular prompting tactics: the original price of XX products, today live only xxx yuan

4. Live Streaming ■ Advance notice

Account nickname: add live time preview before the live broadcast

short video preview: sent 2 hours in advance;

Daily short video: within 20-30 seconds in length

Preview short video: make a preview short video before the live broadcast, add the date and time of the live broadcast, but avoid mentioning marketing information such as seconds, discounts, benefits, and special prices.

Comments: Maintain the Live streaming time in the comments section and guide

other users to initiate comments

Flurry videos: short flurry videos shot from a third perspective

Subtitles: add subtitle information, such as workplace white-collar must-haves, etc., to increase the click-through rate of the user's live broadcast

Quantity: 2-5 posted during the live broadcast.

Short-term: increase live stream traffic by posting short videos of highlights

Long-term: fixed live broadcast, gradually increase the proportion of live referral traffic

5.Helping to make live streams popular

Time of placement: place dou+ at the beginning of the broadcast to increase the popularity of the live broadcast

Audience type: put it to men or women, choose the right age group, and guide the precise order group into the live broadcast

Short video selection: manually select short videos with high playback within the last 1 month for placement, to improve the efficiency of live dou+ placement.

Expected exposure length: select time in combination with Live streaming length

6.Live streaming scenario building

Background: select multiple Live streaming backgrounds as a backup to avoid certain background exposures. Need to cooperate with the brand or live theme to build shelf background: goods in front of the scene, with a focus on displaying goods (in the central eye-catching position of the screen), background to increase the depth to show more goods

Lighting: ensure uniformity, will not cause overexposure, add mobile fill light for light adjustment background exposure: test in advance to ensure that the background is not overexposed, Radio microphone for clarity

Network: ensure network stability, test well in advance to avoid live interruptions, and spare network cards

Screen: recommend multiple angles of live broadcast, close up to explain the goods, far away to place the station, recommend increasing the full body angle screen

Live equipment: suggest using iphone8 and above mobile phones for Live

streaming or camera, SLR, camera props

Activities prompt board: always remind people of the main content of the event, the font as large and eye-catching as possible, to increase the amount of product spikes into a single.

DuringLive Streaming

1.Live streaming process cycle emphasizing factors

Throughout the entire live broadcast, every xx minutes for a simple cycle, the need for process, and standardized design. Send red envelopes, and lucky bags: there are a few minutes to send them out, and there are a few minutes to open the grab.

2.Central control, assistant broadcast scheduling

The whole process of watching the live situation, to ensure that the user side of the viewing is normal, needs to pay attention to points including but not limited to: the above live scene contains all the key points, especially focus on confirming the radio, network, lighting, and other basic points. Computer operation of up and down goods: the live process through the PC backend.

Need to be clear with the anchor division of labor, such as the anchor speak merchandise, the assistant cycle prompted to focus on the anchor

The anchor needs to be reminded of the rhythm and the relevant product situation in time to cooperate, When the anchor is free, the assistant anchor speaks

3.Always remind follow Live Streaming

Price change between live broadcasts

Live room control comment: set administrator in advance, sensitive words set shield in advance

Live content compliance: understand live specifications in advance, to ensure that the live process of discourse is in line with live specifications

After Live Streaming

1.Shipping and after-sales handling

2.Secondary promotion

Live performance data, highlights, etc. can be made into a video, sent to Tik Tok, circle of friends, community, etc. for secondary promotion

3.Data review

Tik Tok Shop official data: the main data review includes: whether UV, PV (*UV live viewership, PV live viewership) are up to standard, whether the conversion rate is as expected, whether the product structure is reasonable, whether the anchor is skilled, whether the promotion strategy is successful, whether the field control is in place, etc.

Third-party data platform: use FeiGua data to find similar positioning and fan base of other benchmark live broadcasters, analyze each other's strengths and methods through data, and provide a basis for subsequent optimization by combining with your live broadcast.

6.4 Strategy Relationship

The small shops are divided into those with a fixed supply chain and those without. Fixed supply chain merchants can put up their products in the product square so that consumers can see them and bloggers who do not have a shop can choose to add them to the window.

No supply chain can be from Poundland, 1688, Yiwu purchase, Alibaba, etc., to look for screening quality suppliers, these platforms are stationed in the business is the supply chain business, as well as the source manufacturers, many also support a piece of hair. If the volume is relatively large, going to these platforms to get goods, may be cheaper than Duo Duo.

If you do a fixed supply chain you need to go to Yiwu, Guangzhou, or the larger local commodity wholesale market, for field visits or to participate in some exhibitions can be a large degree of direct communication with the person in charge of the manufacturer, more quickly and accurately contact the merchant sources.

The above-mentioned fixed supply chain or no source of merchants to describe, if the shop a commodity burst single, you go to find the upper home found out of

stock, the order can not be issued, the customer rush delivery news all over the place, you have to contact the buyer to refund, or find the upper home again.

When you encounter some unstable upline, small shops will also encounter account restrictions on orders, merchant prices fluctuate and orders are canceled in bulk.

Therefore, we need to find an excellent supply chain, not only in the price of concessions, product quality, delivery speed, after-sales party sell get will be more secure, and concessions to improve our Tik Tok small shop rating.

First determine the selection model, in succession to dock manufacturers or provide supply chain merchants we need to sell these commodity links, successfully uploaded them to their own Tik Tok small shop, and then start looking for operations, and casters, to carry out live sales of goods to earn revenue.

Cooperation Tik Tok Shop customers, later if their single product bursts single, we can also help people to negotiate a new supply chain. Get the goods at the lowest cost.

6.5 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.



6.6 Design and development of "people" products and services

The first step is to define the products and services related to people, which includes the building of anchors and teams. The core of the design of the anchor, which includes how to cultivate an IP, is to build a matrix of accounts. The development of different video content on different platforms is to cater more to the preferences of users on different platforms and thus achieve more than expected.

The following are the different strategies for building accounts on the five main platforms in China today.

Tik Tok: with a focus on integrated short-video marketing, subdivided under short-video with goods, Tik Tok Blue V small shop operation, and Tik Tok live e-commerce.

Racer: short video and Live streaming as the main, integrated marketing platform.

Little red book: to read personal graphics, video diary to go to the product to do traffic, comprehensive marketing platform.

Taobao: text, graphics-based, sellers, celebrities, and other live integrated marketing, brand live planning, and operation.

Sina Weibo: integrated marketing with celebrities, KOL, theme marketing, and event marketing.

Although the traffic between the main platforms communicates and complements each other, the number of users and the focus of each platform are also different. For example, in Xiaohongshu and Tik Tok, the former is more inclined toward text articles and shop search notes, while the latter has increasingly large

video content among its users. This, therefore, entails selectively targeting traffic to different platforms and different groups, which will naturally be effective in reaping the rewards. After analyzing and positioning the platform, Coconut Live developed products and services more suitable for launch on the Pin Shake platform and initiated traffic on the Shake platform.

6.6.1 Anchor training

As the "people" segment of the anchor, the company's production of the highest priority. The scale of the company's industry will be determined by how to mass-produce anchors. The role of these people is the same as that of Taobao's customer service, they are shoppers, not salesmen. In the past, in addition to the e-commerce shop guide, the rest is customer service, consumers will choose to consult customer service to further understand when they encounter problems or difficulty to make decisions, and customer service has become a key part of the conversion transaction and repurchase. Then switching to live is also the same, these customer service moved to the front of the screen, responsible for introducing products, promotion activities, solving doubts and answering questions, etc., is equivalent to a living product details page, their role to let consumers impulse purchase. As a human body manual, the conversion effect may not be as good as the persona of the Netflix anchor, but the good thing is that these instructions can be copied and pasted, and do not have to worry about the collapse of the persona, the Netflix anchor broadcast away, the supply chain pit and other issues.

The next step is to establish a Standard Operating Procedure process, starting with three points recruitment, training, and post-event review. For example, the criteria for selecting a person will not be too much about the face value, nor will it require too much sales experience, but rather the person can be photogenic and smooth in verbal and logical thinking. The anchor training involves product knowledge, interaction skills, response skills and customer service techniques, and live sales techniques.

6.6.2 Training of the team

Of course, behind this in addition to the anchor, but also need a team of operations, good life with goods, build a team to operate is very necessary. Two people start counting, the number of teams up to six or more, or even more, a post can also be arranged for several people, efficiency is certainly improved. The first thing to consider when building a team is the job set-up, followed by the job content and then the workflow. Some positions can be combined, such as planning and data, and in the case of an insufficient budget, the anchor and the assistant can be combined.

The anchor's job description is to carry out live broadcasts, interact with consumers, guide them and participate in planning the content of the broadcast. The assistant to the anchor's job emphasizes support, and the job content includes assisting the anchor to carry out the live broadcast, participating in the planning of the content of the live broadcast, posting live previews on major platforms, and acting as the deputy anchor in the Live streaming room to interact and guide. Field control is responsible for the venue's hardware and software equipment construction, with the interaction between the live broadcast, for example, the anchor in the Live streaming room shouting ready to send coupons, then the field control has to operate the background. Of course, before and after the live product is up and down, price adjustment is also responsible for the field control, field control is similar to the infrastructure work, but also ensures that the live process of any errors, rollover accidents, like picking up a fire extinguisher to put out the fire. Behind him, of course, stands the person who directs the overall situation, and that is the planner. Planning not only involves the management and planning of this live team department, but also needs to interface with other departments of the enterprise, so the work content of planning will involve product selection and product content planning, promotional activities planning, live script planning, and the planning, production, and distribution of various contents. In the data position, the job is to collect and analyze data and make suggestions for optimization in response to problems identified. A good data person is not only monitoring live stream traffic in real-time but is also skilled in

investing budget to increase traffic and providing global optimization suggestions for the whole live stream planning.

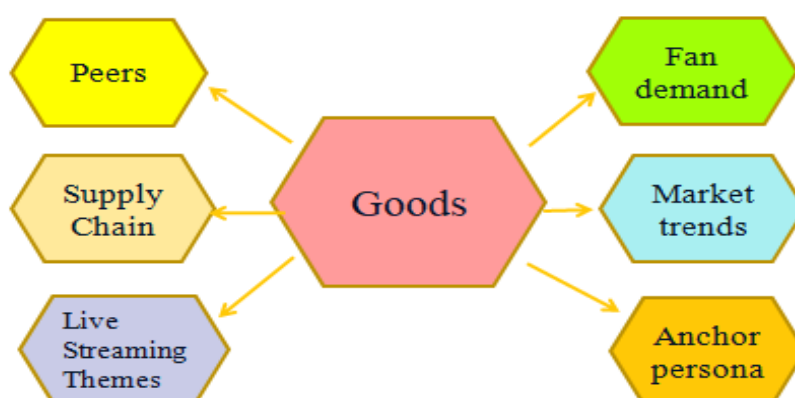
With all the positions and workflows in place, then to get the whole team running, a clear workflow is needed, starting with planning, which requires communication with management and the purchasing department on product selection to determine the planning content of the products and the stock situation, then communicating with the anchors and assistants on the design of the live script and what promotions to set up, and planning the teaser content before the live broadcast, with the assistants Docking for distribution, after the Live streaming with the field control to organize the content for secondary distribution or live review. Then comes the anchors and assistants, on the surface their main work is still live in the room the work behind the scenes will be involved in the entire operation chain, which includes the live environment, live before the preparation, live after the data review, and even the selection and marketing strategy development, they also need to provide the first line of the most intuitive consumer feedback advice to the team. Field control staff need to dock is planning to give some live room set-up needs, as well as products, content, activities of the platform control requirements, and anchors and assistants need to communicate with the live script in advance if encountered some product inventory problems, but also to feedback to the planning docking processing. The data work looks like the last process of the production line, after collecting and analyzing the data and providing optimization suggestions to discuss with the whole team. The above, these positions of personnel work in series, is a standard live team operation process.

6.7 Products and services on "goods"

The process of selecting goods for live e-commerce itself is to help users solve problems and create value, "goods" is the foundation of live e-commerce. If you do not let the user know that the goods are selected, but are the advertising and merchandise display, it is a waste of traffic and weakens the value of life. A quality life studio, only good products. Quality live streams that are trusted by users.

Excellent live room recommended goods, the user can not think about buying. And how to choose products we will follow the following several perspectives to select products.

6.7.1 Selection of products positioning



The fan needs: The premise of understanding fan needs is to have identified your customer demographic, just like we choose to do live e-commerce in the beauty category and food category, corresponding to the majority of young people and women. We need to select products according to the needs of our fans and build our fan base, interact with fans through the fan base and understand their real needs.

Market trends: selling cotton jackets in winter, and skirts in summer, for example, we need to sell different fruits according to each season in the food category. Each season has its best-selling products. In addition, we need to pay more attention to the hot spots on the internet, the internet pop-ups, and the same models as the net celebrities, which can help us in our purchasing decisions, or new product development.

Anchor persona: the right product to the right person to sell, to sell better, this is the most basic truth of living with goods. For example, we train the beauty anchor as a woman who must have a certain understanding of beauty, if it is 180 pounds male anchor to sell beauty, may not go to the food class live sales. So the first thing we need to do is create a good anchor persona, based on the anchor's personality, speech style, interests, and professional skills, to shape a distinctive character and at

the same time match the product.

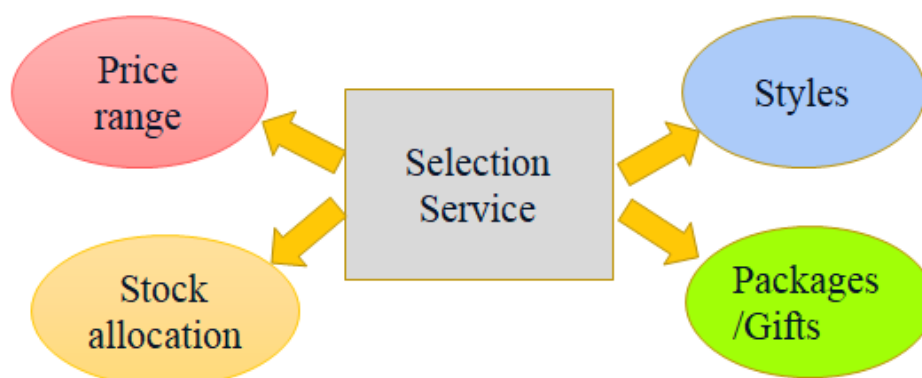
Reference to peers: If you don't know how to choose the product category and specific style, reference to peers is the most convenient way to find out the industry's top 100 peer data and continue to pay attention to them.

Supply chain: the underlying logic of live e-commerce is still based on traditional e-commerce, and the focus of e-commerce is still the supply chain, but different live business supply chain situation is different, and can not be generalized. The channels of procurement pay more attention to some regional markets, which are very cost-advantageous, such as cosmetics and clothing in Guangzhou, small commodities in Yiwu, Zhejiang, shoes, and bags in Fujian, electronic products in Shenzhen, etc... Control the supply chain costs to make their products more competitive, especially the Live streaming of such channels that emphasize cost-effectiveness, as well as when choosing products and manufacturers, do not choose products that are easily out of stock or whose manufacturers have given up production.

Live theme: each Live streaming can set a theme, such as holiday activities, brand membership day, and so on, the theme is set, and the corresponding product selection should also match the theme, and in the style, packages, and so on and so on configuration.

6.7.2 Product selection service

After the selection of products, if in each live set up a good product style, price range, promotional activities, and inventory configuration, is also we need to consider the focus of the operation.



Style: live with the goods is not haphazardly sold, what sells what, but to plan, which products are used as a diversion, such as a coconut live, there will be 9.9 yuan 5 pounds of the orange package, these are used to attract traffic. The most cost-effective to diversion the model is help to follow push other products. The main push section is also generally a profit section, this product is to make money, with a unique selling point, in the live product ratio accounted for a large proportion, a live dozen of products, at least; half or more is the main push section.

Package/giveaway: product package combination is actually with associated sales, which is also a means of promotion, the proposal is the best-selling single product, with some lagging single product, or can also be a lagging single product as a gift the cost has been calculated to the price.

Price range: Generally speaking, within 50 yuan of the product, consumers buy the shortest decision-making process, 50-100 yuan or so of the product, consumers will have concerns when buying, will go fully consider the need to buy, practicality, more than 100 of the product, consumers will look at the quality, brand these, the order of a higher degree of caution.

Inventory configuration: live products need an update cycle, and the ratio between different models should also be set, such as the recent month are pushing three main masks, and a diversion mask, then every other cycle, we need to adjust the changes, to maintain the freshness and saturation of live content.

6.7.3 Commodities that are not suitable for live e-commerce

Commodities with very long decision cycles are more difficult to convert directly in the live stream

For example, if you buy a house, a car, an outbound trip, or a large appliance, it is difficult to achieve a direct purchase order in the Live streaming room when the user watches a live broadcast. The purchase phase of such goods is to gradually transition from potential purchase demand, to purchase demand, to have purchase goals, and this cycle is relatively long. It is not usually completed within a few hours.

There are some reasons for the long decision cycle, some of which include high prices, which require the user to make a careful decision because the cost of correcting a mistake can be very high. For example, if a user wants to buy a product for traveling abroad, he has to consider other factors such as holidays, passports, language, etc., and even those of his peers.

6.8 Service design of "field"

With the accelerated entry of live streaming into major enterprises, the high quality of live streaming is of great importance for product conversion. Under the premise of consistent live content, a professional live room has a crucial impact on the perception and effectiveness of the live broadcast. Live room build on demand chooses, commonly used live room build is broadly divided into live and green screen two types. The live area is the company-specific scenes, such as meeting rooms, LOGO walls, posters, and pure white backgrounds, according to the theme of corporate life and adjustment; the green screen area is through the construction of green screen, to meet the needs of the enterprise live process keying, set immersive background needs.

Generally speaking, the live area is commonly used for business scenarios such as live streaming, executive interviews, and small internal training, which is relatively easy to set up and saves costs for companies. The green screen area requires more thought, as in addition to equipment set-up and connectivity, the green screen, tables, and chairs, as well as the placement of objects, are also considered to present a better picture effect. Live streaming booths generally cover an area of 20-40 square

meters and can be reasonably laid out according to the actual situation with filming and operation areas, equipment and equipment, and guide operation areas. By separating the camera area from the operation area, both the anchor and the lighting camera guide and other operators will be more comfortable with the Live streaming process. The cost of the venue can be chosen according to the actual situation of the enterprise, but to present high-quality live content, the number of equipment will be raised accordingly, including 1-2 cameras, 2-4 microphones, and 4 groups of lights. From the live effect, the live screen can present more content, can use a multi-camera shooting screen, according to the script to choose the appropriate lens, live presentation better.

And coconut live room generally builds the physical field, build live room all the matters needed, mainly contains live room background, lighting, equipment, decoration, product placement, as well as product information to reveal factors such as.

The first point is that the background of the live room straight mainly according to the categories sold to choose from, shelf type, physical shops, source origin, etc., like coconut live room on the choice of shelf type, that is, the direct placement of goods into the form of shelves for the live introduction. Follow the principles of building, highlighting the theme of the product, a second eye-catching, background shelf display, mid-view anchor in the middle, and foreground alternative product display.

The second point is the live room lighting, which directly determines the overall effect of the live room, there are commonly overhead lights, ambient lights, and auxiliary lights. But the specific choice, how to match, or according to their own sales categories, as well as the needs of the decision.

The third point for the live product placement.

1. Far and near moderate can be distant view can focus, there is always an angle that can let the product fill the whole screen.

2. Screen full, the more empty places can be filled with products, or other soft decorations, so that the live room looks full, not blank.

3. Neat and clear, clear at a glance, the shelf-type live room must make good use of symmetrical beauty.

4. Product color matching and visual effects have eye-catching points.

The fourth point is the live product information revealed

Live streaming through the product information revealed, can effectively assist the anchor to explain and transform, reducing the anchor repeatedly conveying instructions. For example, show the size of the product, so that new people into the live room are visible; assist the anchor to explain the product; print in advance the screenshot material of other platforms, by showing the price for price comparison, showing the price advantage of the live room.

Coconut Live attracts a group of loyal fans through the establishment of the anchor IP. And then through the excellent beauty category and food category selection coupled with the professional Live streaming booth build. It will bring better and better quality products and services to the users.

Section 7

Financial Projections

7.1 Income Statement

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.

Cost accounts	Description	Total
Venue fees by location	Haikou 1000 m ² 100,000	
	Shanghai 200 m ² 40,000	
	Beijing 200 m ² 30,000	
	Hangzhou 150 m ² 20,000	
	Chengdu 500 m ² 50,000	240,000
Computer equipment	Procurement costs 1,500,000	
	Depreciation costs 25k	25,000
Photographic equipment	Purchase Costs 2,400,000	
	40,000 per month for depreciation	40,000
Office desks and chairs	Purchase Costs 1,000,000	
	16.6k per month for depreciation	16,600
Salaries	Total salaries for the five executives	
	Average monthly salary 600,000	600,000
	The salary for 20 anchors is about	400,000
	Other personnel about 75 people Salary about 10,000	750,000
Netflix share	About 10 million per month	10,000,000
Other expenses	Office expenses, vehicle expenses	100,000
Total		12,171,600

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

Our 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.

Income Statement (Unit 1000 RMB)

Mon	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Revenue												
Channel Fee	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Livestreaming Commission	60,000	80,000	60,000	60,000	60,000	80,000	60,000	60,000	60,000	60,000	100,000	80,000
Showcase Commission	800	800	800	800	800	800	800	800	800	800	800	800
Total Revenue	77,800	98,800	77,800	77,800	77,800	98,800	77,800	77,800	77,800	77,800	118,800	98,800
Cost of Goods Sold	0	0	0	0	0	0	0	0	0	0	0	0
Salaries	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
Internet celebrity	10,000	12,000	10,000	10,000	10,000	12,000	10,000	10,000	10,000	10,000	20,000	12,000
Rent	240	240	240	240	240	240	240	240	240	240	240	240
Repair	20	20	20	20	20	20	20	20	20	20	20	20
Maintenance	30	30	30	30	30	30	30	30	30	30	30	30
Marketing	1,000	1,200	1,000	1,000	1,000	1,200	1,000	1,000	1,000	1,000	2,000	1,200
Delivery	0	0	0	0	0	0	0	0	0	0	0	0
Utilities	30	30	30	30	30	30	30	30	30	30	30	30
Depreciation	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6
Miscellaneous	50	50	50	50	50	50	50	50	50	50	50	50
Office Supplies	50	50	50	50	50	50	50	50	50	50	50	50
Total Operating Expenses	13,251.60	15,451.60	13,251.60	13,251.60	13,251.60	15,451.60	13,251.60	13,251.60	13,251.60	13,251.60	24,251.60	15,451.60
Operating Profit (Loss)	64548.4	83348.4	64548.4	64548.4	64548.4	83348.4	64548.4	64548.4	64548.4	64548.4	94548.4	83348.4
Less: Taxes	19653.1	25283.1	19653.1	19653.1	19653.1	25283.1	19653.1	19653.1	19653.1	19653.1	28983.1	25283.1
Net Income	44895.3	58065.3	44895.3	44895.3	44895.3	58065.3	44895.3	44895.3	44895.3	44895.3	65565.3	58065.3

Note on the income statement

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.

7.2 Statement of Cash Flow (2022)

Cash Balance, Beginning	50,000,000
Cash Flow from Operation Activities	
Net Income	598,923,600
Changes in Office Supplies	
Depreciation Expenses	100,000
Total Cash Flow from Operation Activities	598,823,600
Cash Flow from Investing Activities	0
Application Depreciation Cost	
Property, Plant, and Equipment	480,000
Computer	300,000
Table & Chair	199,200
Total Cash Flow from Investing Activities	-979,200
Cash Flow from Financing Activities	
Equity Contribution	0
Dividend	300,000,000
Total Cash Flow from Financing Activities	-300,000,000
Net Change in Cash Balance	297,844,400
Cash Balance, Ending	347,844,400

7.3 Five-year Income statement forecast (Unit thousand)

	2022	2023	2024	2025	2026
Revenue					
Channel Fee	216,000	200,000	180,000	150,000	150,000
Livestreaming Commission	880,000	2,000,000	1,800,000	1,500,000	1,500,000
Showcase Commission	9,600	8,000	7,000	5,000	5,000
Total Revenue	1,037,600	2,208,000	1,987,000	1,655,000	1,655,000
Salaries	21,000	100,000	120,000	80,000	80,000
Internet celebrity	136,000	400,000	300,000	200,000	200,000
Rent	2,880	10,000	10,000	8,000	8,000
Marketing	13,600	50,000	40,000	40,000	40,000
Depreciation	979.2	2558	2558	2121	2121
Other	2,232	2868	2778	2334	2665
Total Operating Expenses	176,619.20	565,426	475,336	332,455	332,786
Net Income	598,923.60	1,132,570.50	1,044,333	917,433.80	917,185.50

Five-year financial projection notes.

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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