

Exploring the Marketing Risks and Countermeasures of the Internet Celebrity Economy

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Abstract. With the rapid rise of social media such as short videos and live streaming, the group known as “Internet celebrities” has grown rapidly and played a direct role in promoting the formation of the “Internet celebrity economy” in the digital age. This has brought significant challenges and impacts to the traditional economic operating environment, while also resulting in problems such as uneven product quality, frequent intellectual property infringement, and increasing wealth disparity. This study conducts a case analysis focusing on three real-life examples of Internet celebrities, analyzing the positive and negative effects of the current Internet celebrity economy, and examining the reasons for existing problems such as inadequate market regulation, insufficient quality control of Internet celebrities, incomplete legal regulations concerning intellectual property rights, and excessive attention resulting from high Internet celebrity income. Finally, this study proposes corresponding strategies to guide the healthy development of the Internet celebrity economy, including strengthening online market regulation, refining relevant laws and regulations surrounding copyright, trademark, and patent, raising Internet celebrity industry entry barriers, and exploring ways to integrate the Internet celebrity economy and substantial economy, making it create greater economic and social benefits.

Keywords: Internet celebrity economy; Marketing risks; Countermeasures

1 Introduction

This study focuses on the Internet celebrity economy of the digital age, which centers around Internet celebrities using Internet platforms for marketing and content transmission, converting their massive fan base into economic power [1]. Compared with the traditional economy, the Internet celebrity economy has unique advantages such as wider distribution ranges, larger audience groups, and fewer temporal and spatial limitations. These advantages enable the Internet celebrity economy to stimulate consumption, promote employment, and accelerate industrial development. However, the development of the Internet celebrity economy has also brought some problems and challenges. For example, some Internet celebrities and businesses, in pursuit of short-term gains, create gimmicks to attract attention but produce products with worrying quality. Some streamers' original content is not protected by adequate copyright, leading to serious homogenization problems in Internet celebrity content marketing and numerous issues involving products with high imitation and inferior qualities, with a fluctuating quality among market participants. At the same time, the rise of the Internet celebrity economy has caused a significant impact on the real economy, squeezing its survival space and

exacerbating wealth disparity [2]. How to respond to these risks and challenges is of great significance for guiding the healthy development of the Internet celebrity economy and promoting economic and social development. This study mainly focuses on the specific origin of marketing risks resulting from the Internet celebrity economy and uses the literature analysis method to search and read relevant data and literature. The advantage of this method is that it can analyze the current development status of the Internet celebrity economy and predict future trends, which is helpful for reasonable analysis of the cause of its marketing risks. The ultimate research goal of this study is to propose corresponding countermeasures against marketing risks and their causes to promote the healthy and orderly development of the Internet celebrity economy.

2 Literature review

Current research on the Internet celebrity economy mainly focuses on its business models and profit-making methods, its effects on traditional market marketing, the problems arising during its development, and its corresponding countermeasures.

Regarding the business model of the Internet celebrity economy, an article titled *Development and Regulation of China's Internet Celebrity Economy* written by scholar Li Xueyao summarized that Internet celebrities rely on themselves to produce content that has a certain influence as KOL (Key Opinion Leader) before transitioning towards PGC (Professional Generated Content), and that the models can be divided into three categories: Internet celebrity plus e-commerce, social media or live streaming [3].

Concerning the positive influence of the Internet celebrity economy, an article titled *The Pros and Cons of the Internet Celebrity Economy in the Live Streaming Boom* written by scholar Zheng Wenjie mentioned that the Internet celebrity economy can stimulate consumption, promote employment, and drive industrial development. Forms of Internet celebrity economy such as live streaming marketing can provide consumers with a brand-new shopping experience. Meanwhile, live-streaming marketing can also spark consumers' desire to purchase through interaction, thus increasing sales [1]. Scholar Qiao Yun pointed out that the Internet celebrity economy allows for precise marketing, thereby reducing sales costs. Also, it has driven the development of public relations and economic industries related to Internet celebrity incubation companies by improving the efficiency of traditional e-commerce supply chains, bringing decent profits and more opportunities for employment and entrepreneurship to these industries in her article titled *Exploring the Economic Phenomenon of Internet Celebrities in the Era of New Media* [4]. Eleni Kilipiri reckon that Instagram travel influencers, as social media communicators, are positively related to the selection of a sustainable destination. However, the use of geo-location data by Instagram travel influencers does not enhance travellers' intention for such a choice [13].

Regarding the negative influence of the Internet celebrity economy, scholars such as Jin Jing pointed out that the Internet celebrity economy has problems such as content quality disparity and serious online fraud. Due to real-time marketing in live streaming, consumers may be affected by impulsive shopping resulting in purchasing unnecessary products. Barari Mojtaba investigate the negative impact of social media influencers (SMIs) (human vs virtual) on customer well-being, finding that SMIs have a greater impact on consumers well-being, which

is higher for virtual than human influencer [14]. In addition, some unscrupulous businesses may use live streaming marketing for false advertising and misleading consumers in an article titled *A Brief Discussion on the Development, Existing Problems, and Countermeasures of the Internet Celebrity Economy* [5]. Scholar Wu Zehao in his article titled *Legal Issues and Countermeasures of the Internet Celebrity Economy's Development* mentioned that the Internet celebrity economy may lead to issues such as selling counterfeit goods, false advertising, pornography, gambling, provoking troubles, and fraud [6].

Regarding countermeasures against Internet celebrity economy problems, scholars such as Ju Wenli in an article titled *Study on Marketing Strategy Optimization of "Shuzhong Sister Taozi" under the Background of Internet Celebrity Economy* said that the Internet celebrity economy should replace personal brand effects with excellent brand quality and price differentiation according to differentiation of competition level [7]. Scholar Li Kerong in an article titled *Marketing Strategy Discussion on Male Cosmetics in China under the Internet Celebrity Economy* proposed differentiating marketing strategies, offering products that cater to the needs of different consumers, and building interactive livestream platforms between streamers and their fans to increase their sense of social presence [8]. Scholar Su Jiajin in the article titled *The Effect of Internet Celebrity Livestreaming on Network Marketing of Agricultural Products under the Digital Economy* suggested that monitoring of Internet celebrity live streaming marketing should be strengthened, that after-sales service level should be improved, that the process of Internet celebrity live streaming marketing should be upgraded, and that the interests chain of network marketing should be reconstructed [9]. Scholars Zhang Songting and others in the article titled *Research on the Positive Development Strategy of Tourism Destinations in the Era of Douyin Internet Celebrities* stated that the effect of Douyin Internet celebrity affects both positively and negatively on tourism development, affecting the sustainable development of tourism destinations. Therefore, they proposed creating exquisite Douyin works, fostering loyal fan communities, relying on cultural heritage, improving management capabilities, enhancing tourism infrastructure construction, and thus achieving online and offline integrated development [10]. Scholar Yu Lejie proposed an online marketing strategy from the perspective of the Internet celebrity economy in the article titled *Analysis of Internet Marketing from the Perspective of "Internet Celebrity Economy"*, namely, rational selection of online marketing entities, provision of manufacturer information to facilitate the promotion, and use of well-known platforms for marketing [11]. Scholar Pang Jiawei mentioned that companies should first achieve two-way communication, and then create products and services through personalized design and brand operation standards, to achieve precision marketing and establish a long-term development mechanism in the article titled *E-Commerce Business Model Innovation Under the Background of Internet Celebrity Economy* [12].

There are still some shortcomings in the current research on the Internet celebrity economy. Firstly, existing studies mainly focus on the models, operations, and marketing of the Internet celebrity economy, while not paying enough attention to issues such as the regulation of the Internet celebrity economy and its means of communication. Secondly, there is still a significant gap in the research field concerning the mutual influence and promotion between the Internet celebrity economy and the real economy.

3 The prosperity and risks of the Internet celebrity economy

The quality of products varies greatly in the Internet celebrity economy. A well-known e-commerce head streamer, and beauty influencer, has been criticized and fined multiple times together with his live-streaming business operation company by the authorities due to the quality issues and after-sales service problems of the products sold in their livestream rooms. On April 24th, 2023, the Beijing Sunshine Consumer Big Data Research Institute, in conjunction with the Consumer Protection Law Research Center of the University of International Business and Economics and Consumer Net, released the (hereinafter referred to as the Report). The Report selected 10 e-commerce platforms and 14 popular live-streaming sales as analysis objects. Among the data of public opinion concerning consumer rights protection of livestreaming sales, this head streamer accounted for 28.49% of the total, ranking second, with false advertising, poor product quality, and price misleading accounting for more than 90% of the overall public opinion.

Intellectual property rights lack effective protection in the Internet celebrity economy, and it is difficult to define acts of plagiarism and infringement. Recently, an incident involving a Vietnamese blogger suspected of plagiarizing a well-known domestic food blogger has sparked heated discussions. A Vietnamese video blogger posted a video on a video-sharing platform, and the filming angle, techniques, filters, and even the makeup and hairstyles of the Vietnamese blogger were strikingly similar to those of the well-known domestic food blogger. Due to the high degree of similarity, many netizens thought that the domestic blogger was Vietnamese, and the domestic blogger herself publicly exposed this incident and defended herself. Some lawyers have stated that the Copyright Law stipulates a “dichotomy of idea and expression” concerning copyright, meaning that the law only protects expressions, not ideas. If the expression used by the Vietnamese blogger in the video bears a striking resemblance to that of the domestic blogger, it may constitute an infringement of the latter’s copyright. However, due to the foreign location of the Vietnamese blogger, it is difficult to protect the rights of the domestic blogger. In addition, both bloggers chose the same theme for their video shoots, which falls within the category of creative ideas, making it impossible to confirm any infringement.

The Internet celebrity economy has exacerbated the wealth gap and sparked discussions about the unreasonable distribution of social resources, causing various social issues to varying degrees. A young man from a minority group in western China was captured by a photographer while he was out shopping, and subsequently gained popularity on the Internet due to his good looks and innocent smile. After opening an account on the Douyin platform, he attracted nearly 8 million followers. During a livestream, his popularity skyrocketed, reaching a peak of 330,000 viewers. In just two hours, he earned nearly 150,000 yuan through the platform’s revenue sharing by only livestreaming his daily life. This young man comes from an underdeveloped region in western China and did not have any compulsory education. He cannot even speak Mandarin, but he gained wealth solely based on his handsome face. This has sparked heated discussions among netizens, with some saying, “A graduate of a prestigious university who studied diligently for decades and is proficient in two foreign languages earns less from half a year’s work than a two-hour livestream by an Internet celebrity.”

4 Reasons for risks in Internet celebrity marketing

Incomplete market regulation. With the rapid development of the Internet celebrity economy, some new and unpredictable problems have emerged, such as inadequate after-sales service for online shopping, and ambiguous or false advertising which can be described as “play edge ball” (refers to avoiding main issues and controversies in product promotion), and unreal evaluations posted by “paid buyers” (refers to those experienced consumers who are paid to shop and comment in a particular online store). The measures and methods of regulatory agencies for the Internet celebrity economy mostly remain at traditional offline stages like naming, summoning, and fining, which undoubtedly have certain limitations. In addition, the cross-regional and cross-industry characteristics of the Internet celebrity economy make regulatory difficulties even greater.

Insufficient quality of Internet celebrities. Due to its low threshold and high returns, some Internet celebrities have not obtained formal education and can only attract fans’ attention through their looks, aesthetics, or special skills, and gain high profits by live-streaming sales. Professional anchors whose aim is only profit are influenced by erroneous ideas such as “traffic first” (refers to the willingness to take risks in order to gain attention and economic benefits) and may violate public order and good custom, or even cross legal red lines, by attracting attention through vulgar remarks and inappropriate behaviors, or endorsing products with no production date, no quality certificate, and no manufacturer using their own reputation, thus getting huge profits. This leads to serious homogenization problems in Internet celebrity content marketing and the inability to guarantee product quality, affecting market economic order and spreading negative values.

Insufficient laws and regulations related to intellectual property. In the context of the new era, the development of the Internet celebrity economy also involves many new legal risks. For example, profiting through content copying or using others’ works, editing video clips of film and television works into multiple short videos for dissemination on various platforms, and engaging in unfair competition by highlighting one’s own advantages with intense words and spreading competitors’ disadvantages. These behaviors are all intellectual property infringement. However, due to the lack of timely establishment and improvement of relevant laws, regulations, and systems, as well as specific, normalized, and enforceable punishment mechanisms, many infringing and illegal activities are difficult to define and have not been effectively restrained. The Internet celebrity economy has become a high-incidence area for intellectual property infringement.

Excessive attention is caused by the high income of Internet celebrities. Having benefited from China’s enormous demographic dividend, the income level of Internet celebrities has reached an astonishing extent. In a real-name announcement revealed by the Hangzhou Local Taxation Bureau in December 2021 showed that a well-known streamer had an annual income of over one billion yuan. During the pre-sale period of “Double Eleven” (11.11 Online Shopping Festival in T-mall) in 2022, the streamer mentioned achieved sales of 21.5 billion yuan in just one day, a figure that even exceeded the total sales of all 100,000 off-line stores across the country. The daily income created by Internet celebrities through live streaming exceeded the annual income of an ordinary family, even for several years. This phenomenon has sparked

excessive attention and discussion from all sectors of society, making the problem of wealth disparity more prominent.

5 Measures

Increasing supervision of the online market is necessary. Traditional market monitoring methods suffer from problems such as information lag and low efficiency. To address these issues, regulatory agencies can introduce advanced information systems and technological tools to collect, integrate, and analyze network data quickly and efficiently, thereby timely detecting problem clues and warning against risks. In addition, stronger supervision of live-streaming content can be achieved through the establishment of dedicated audit teams or by introducing third-party institutions to ensure the legality and compliance of content. Meanwhile, a sound credit evaluation system for participants in the Internet celebrity economy should be established to record and publicize any negative records, guiding adherence to laws and regulations and fulfilling social responsibilities effectively.

Laws and regulations referring to copyright, trademark rights, and patent rights should continue to be refined and detailed measures should be put in place to provide a legal basis for protecting the rights of original creators. Regulatory responsibilities of online platforms should be strengthened, and special governance efforts should be made for intellectual property rights by establishing deny lists of violations to prevent infringement under different pseudonyms. Establishing an intellectual property information disclosure system would allow the public to understand and monitor the protection of intellectual property rights. The public's level of awareness of intellectual property rights should also be raised through media publicity, online education, and other means.

Raising the entry threshold for the Internet celebrity industry is important. Systematic training should be implemented for streamers to improve their professional skills and sense of responsibility by enabling them to better understand industry rules and standards. A set of standardized assessment mechanisms should also be established to evaluate and assess the performance of live-streaming marketing practitioners, including age restrictions and guidelines for certain behaviors, to detect and correct unruly behavior in a timely manner. Appropriate punishment measures should be taken against hosts with a history of non-compliant behavior, such as suspending or revoking their live-streaming sales qualifications.

Exploration of ways to integrate the Internet celebrity economy with the real economy should be undertaken. Digital applications should be expanded, and an "Internet Celebrities Plus Rural Revitalization" model should be explored to fully leverage the benefits of Internet celebrity live streaming e-commerce by enabling sustained and normalized sales of poverty alleviation products, promoting the sales of agricultural products in underdeveloped areas, and attracting more attention and capital to rural areas. Information technology should be used in motivating livestreaming activities in traditional malls, street stores, and old markets, stimulating hot spots in these places, and attracting more young people to participate. By means of live streaming, short videos, VR, 3D panoramic views, etc., immersive, experiential, and interactive new consumer scenes such as cloud tourism, online shopping, and virtual museums should be actively developed to tap new consumption experiences and further deepen the integration of the Internet celebrity economy both online and offline.

6 Conclusion

This study concludes that the Internet celebrity economy, as a product of the new era, has become a new wealth-creating pathway. However, like any other form of business, it also faces several challenges that need to be addressed, such as inconsistent product quality in the context of Internet celebrity economy, lack of effective protection for intellectual property rights, and excessive attention drawn to the high income of Internet celebrities, thus led to various degrees of social issues. These challenges are primarily due to inadequate market supervision, low quality of Internet celebrities, imperfect laws and regulations related to intellectual property rights, and the wealth gap exacerbated by the high income of Internet celebrities. Therefore, by strengthening the supervision of the online market, providing appropriate guidance to Internet celebrities, refining relevant laws and regulations on intellectual property rights, and exploring ways to integrate the online and offline aspects of the Internet celebrity economy, it is expected that the long-term development of the Internet celebrity economy can be effectively promoted. This study provides a valuable reference for future research on the Internet celebrity economy in terms of potential or known marketing risks and corresponding strategies. Future research should focus more on exploring specific measures for further integration of the Internet celebrity economy with the real economy and public welfare to narrow wealth gaps and achieve common prosperity, like how to enhance the competitiveness of traditional industries through the Internet celebrity economy, helping traditional enterprises expand their markets and increase sales; or how to promote the development of social public welfare, helping impoverished areas improve living conditions and education levels.

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