

THE HONG KONG POLYTECHNIC UNIVERSITY DEPARTMENT OF MANAGEMENT AND MARKETING

Departmental Research Seminar



Do Larger Audiences Generate Greater Revenues under Pay What You Want? Evidence from a Live Streaming Platform By

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Venue : Online via Zoom

Abstract

As live streaming of events gains traction, pay-what-you-want (PWYW) pricing strategies are emerging as critical monetization tools. We assess the viability of PWYW by examining the relationship between popularity (i.e., audience size) of a live streaming event and the revenue it generates under a PWYW scheme. On the one hand, increasing audience size may enhance voluntary payment/tips if social image concerns are important, because larger audiences amplify the utility pertaining to social image. On the other hand, increasing audience size may reduce tips if gaining the broadcaster's reciprocal acts motivates tipping because larger audiences are associated with fiercer competition for reciprocity. To examine these trade-offs in the relationship between audience size and revenue under PWYW, we manipulate audience size by exogenously adding synthetic viewers in live streaming shows on a platform in China. The results reveal a mostly positive relationship between audience size and average tip per viewer, which suggests that social image concerns dominate seeking reciprocity. In support of herding, adding synthetic viewers also increases the number of real viewers. Social image concerns and herding together explain the finding that adding one additional viewer improves the tipping revenue per minute by approximately .01 Yuan (1% of the mean level). Further, famous female broadcasters who use recognition-related words frequently during the event benefit the most from an increase in audience size. Overall, the results indicate that revenues under PWYW do not scale linearly and support the relevance of social image concerns in driving individual payment decisions under PWYW.

Dr Shijie Lu is an Assistant Professor of Marketing in the Bauer College of Business, University of Houston. He received a Ph.D. in business administration from the University of Southern California. His research focuses on online advertising, user-generated content, competitive strategy, and piracy and has appeared/forthcoming in *Marketing Science*, *Management Science*, *Journal of Marketing*, and *Journal of Consumer Research*. He currently serves on the editorial review board of the *Journal of Marketing Research*.

All interested are welcome.



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