

# Characteristics, Essence and Countermeasures of Flow Economy Phenomenon from the Perspective of Digital Economy

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## Abstract

Under the socialist market economy system, people's needs can't be met without the circulation process. In the information network era, the circulation process shows a complex form of digital traffic profit, that is, traffic economy. Flow economy is characterized by mobility, openness, interactivity and digitalization. By analyzing the phenomenon of flow economy, this paper reveals the deep logic behind the chaos of flow economy, that is, flow acquisition is the foundation of flow economy, flow realization is the core of flow economy, and the essence of flow economy is the logic of capital. Therefore, it is necessary to strengthen identification technology, strengthen legal protection, effectively regulate capital, and promote the healthy development of digital economy.

## Keywords

Digital economy; Flow economy; Characteristics; Essence.

## 1. Introduction

Digital economy, also known as information economy, is an Internet economy. To explore the characteristics and essence of flow economy from the perspective of digital economy, we need to start with the concept of "flow". "Traffic" comes from economics and physics. Its meaning is different in the era of Internet economy. It refers to the number of visits to websites or mobile devices in a specific period of time, or the amount of data consumed by mobile devices to access the Internet. Specifically, "when you click or visit a content, the site where the content is located will form a point-to-point interaction with you, which will generate data exchange. These exchanges combine to form a data flow. The more complex the interaction, the greater the 'data flow' generated by the exchange." [1] There is flow, which means that the relevant attention and popularity, market potential and economic benefits will appear. When the term "flow" is used in the economic sector and the market sector, it is called "flow economy". The flow economy is also called "attention economy", which refers to the economic model of attracting the attention of users or consumers to the greatest extent, and cultivating potential consumer groups in order to obtain the greatest future commercial benefits, also known as 'eyeball economy'." [2] This paper discusses the phenomenon, characteristics, essence and governance of "flow economy".

## 2. The Phenomenon of Flow Economy from the Perspective of Digital Economy

### 2.1. Flow Production Stage

Driven by the rapid development of the Internet, the intelligent industry based on Internet technology has risen rapidly, and e-commerce and other industries have shown a good development trend. Online live broadcasting with goods, online platform shopping, small

program community group buying and other forms continue to innovate and evolve. Online shopping is favored by consumers for its convenience, transparent information resources and other advantages. For all kinds of anchor with goods, the continuous and high-quality content output will produce high-quality traffic, and the loyalty of fans will be relatively high and not easy to lose. When the cultural accumulation meets the new media and new business forms, the live broadcast with high-quality content has a large number of fans at the moment. These live broadcasts with positive energy are particularly vigorous. While suppliers and customers get what they need, the live broadcast also brings fixed user traffic. More and more audiences are willing to pay for knowledge and healthy lifestyle. However, not all traffic acquisition is carefully polished and prepared, and there are many phenomena of "leading traffic" and "manipulating traffic" in the online world.

## **2.2. Flow Acquisition Phase**

The development mode of flow economy provides ordinary workers from all walks of life with opportunities to participate, contribute their labor, create value and share results, so as to promote economic development. But it also brings many problems. Access to traffic is equal to access to benefits, so access to traffic shows a trend of unscrupulous means, such as relying on rumors to win attention and attract fans to drain.

### **2.2.1. Strange Flowers and Thunder Attract Traffic through Operation**

From time to time, the media exposed some marketing numbers, live broadcasts and videos, and adopted unique and innovative methods to attract attention, including some absurd and amazing operations. A large number of old posts have been tampered with, modified, and added with titles related to current hot spots to create rumors and spread in order to get more hits. Criminal gangs usually buy multiple we media accounts and write all kinds of sensational articles. Some people fabricate false terrorist information to create a panic atmosphere, and some even record "high-altitude climbing videos" at the cost of their lives. What's more, it seriously challenges the public's moral bottom line and pollutes the network environment. The purpose of these abnormal phenomena is to attract traffic and fans and profit from them. At present, the popular live broadcasting industry with goods also attracts traffic.

The live broadcasting industry is full of chaos. As an emerging business model, live streaming with goods has some significant advantages. For example, the characteristics and value of goods can be presented intuitively, so as to stimulate the audience's desire to buy. Instant interaction increases trust and purchase determination. By selecting celebrities for live broadcast, enterprises can expand their brand influence with the help of the influence of anchors and fan groups. In addition, because the live broadcast with goods can bring a more authentic and intuitive shopping experience, the audience can buy in real time during the live broadcast process, eliminating the cumbersome conversion link, so as to improve the sales conversion rate and turnover. Live broadcasting with goods has become an important means of commodity sales, which is of positive significance to promote economic development and stimulate consumption. However, the live broadcast of "bringing goods" also brings some problems. False publicity, exaggeration of efficacy, poor after-sales service and other problems occur frequently. For example, the "show" replaces the "store", and the anchor plays an important role in the live delivery. Their personal charm and words will have an impact on the audience's purchase decision. The focus of buyers' attention has changed from commodities to anchors, which may lead to the fact that the quality and performance of commodities themselves are no longer the focus of people's attention, but more attention is paid to the performance and words of anchors, thus forming a "show" effect. In order to attract the attention of some anchors, they went into the live broadcast room and shouted wildly, "family members", "babies" and other names flew all over the sky. The atmosphere was warm and even fanatical, but the quality and price of the products promoted by the anchors were not guaranteed, and there were many problems and

hidden dangers. This practice of turning the store into a show venue not only destroys the normal ecology of live broadcasting with goods, but also may cause some problems, such as the quality of goods cannot be guaranteed, and the rights and interests of consumers are damaged.

### 2.2.2. Network Black Industry Manufacturing Traffic

Brush flow has become a popular industry. A few years ago, the forwarding volume of a microblog reached one billion, which attracted widespread attention. Such exaggerated figures cast doubt on their authenticity. This is clearly the result of "brush flow". "To brush traffic is to create false traffic figures and traffic myths through cheating means such as automation and manual work, so as to attract traffic and ignite eye-catching economy." [3] However, if the number and severity of bill swiping and traffic swiping reaches a certain level, it will constitute an illegal or even criminal act. With the continuous development and application of new technologies, more and more technical means have obviously threatened the data security and system security of computers and networks. Many bill swiping behaviors have involved criminal acts of damaging computer systems.

In recent years, the phenomenon of "tearing" and "black" has become popular in the fan circle. As the new Internet user market has been basically saturated, it is necessary to capture new traffic from competitors. Therefore, the competition for traffic has become increasingly fierce, followed by the phenomenon of "speculation" and "slander" industrialization. The operation of defaming the industry has these kinds of participating forces: negative public relations companies, marketing numbers, Navy or cyber hackers or cyber thugs (mainly abusive, defamatory and insulting, with more obvious characteristics of violence). In the entertainment industry, it is almost the only way to create and manage a star. As a result, simple and crude means such as control and evaluation and mutual tearing are popular. The "rice circle" has become a "strange circle", which is rooted in the industrial capital control and the flow economy. In this traffic puzzle, many capital rushed all the way, increased leverage, moved around, cross-border mergers and acquisitions, staged a capital feast.

### 2.3. Flow Realization Stage

After the preparation stage and flow acquisition stage of the work, the next main stage is the flow realization stage. Flow realization refers to the realization of cash income from Internet flow by some means. In the Internet industry, there is such a formula: user = flow = money. The most important thing to realize flow realization is to have enough flow. There are many ways to realize the flow. For example, we media users can realize the flow in the following ways. Creative motivation is the most basic approach. The more people watch the created works, the more likes and comments, the more traffic, and the more incentives the platform gives to the creators. This is a simple but relatively low real income incentive method, and the general part-time creators are limited to this kind of income due to time reasons. However, when we media develops gradually, the proportion of creative incentives will be lower and lower, and gradually another way of realization will come into being - advertising. Advertising is the main way for well-known creators to make money, but when the flow of creators is getting higher and higher, they will choose to advertise for some brands. For full-time creators, the creation incentive of the platform is too little, so they have the same operation as stars - advertising. Through observation, almost all we media will leave a contact information and note the business cooperation, which is the way for brands to find the creators of we media. Such operation efficiency is relatively low, so each platform has its own advertising platform. This platform can be understood as an intermediary, with creators on one side and manufacturers on the other. The manufacturer provides the demand to the platform, the creator goes to the platform to find the manufacturer, and the platform takes a part of the Commission. The final result is three happy.

On many Internet platforms, if there are enough fans, you can open live broadcast. Live broadcast platform has become one of the popular ways for we media entrepreneurs to realize cash flow. Through live broadcast, we media entrepreneurs can interact with the audience in real time, show their talents and expertise, and earn income through fans' support, paid gifts and goods.

### **3. Characteristics of Flow Economy from the Perspective of Digital Economy**

#### **3.1. Liquidity**

Liquidity refers to promoting economic growth through orderly and efficient organization of the continuous flow of various data and information. Therefore, it is necessary to attract the aggregation of all kinds of information on a large scale and deliver it to more users with high efficiency, so as to form a "data flow" with strong interaction and wide coverage, which constitutes the basis of the formation of flow economy.

#### **3.2. Openness**

The main characteristic of openness is that the dissemination of information is not limited by place and time in the whole country and even in the whole world. However, due to the consideration of different user groups, the development stages of information media and privacy protection policies, we can not expand the openness and scope of information space without restrictions, but because of the legal provisions, the progress of network media technology and the personal needs of users.

#### **3.3. Interactive Quality**

Interactivity covers the integration of two aspects, namely, the systematic push of content information publishers and the personalized integration with users' information receiving needs, which shows the operation mode of modern economy and the characteristics of contemporary Internet Economic and technological progress and personalized demand.

#### **3.4. Digitization**

With the progress of Internet technology and the improvement of people's material living standards, traffic economy, as a new economic development model, is the inevitable result of modern society. Users get the required content through the network platform, and publishers accurately grasp the user needs to push the corresponding information. These data points and data streams are transmitted on the network in a digital way. Traffic economy is a profit model that completely depends on digitization.

### **4. Internal Logic of Flow Economy from the Perspective of Digital Economy**

#### **4.1. Traffic Acquisition is the Basis of Traffic Economy**

Attention is the key to getting traffic. People's concerns determine the distribution of traffic. Most people focus on Wechat, Wechat groups, Whuaiyin, Xiaohongshu and circle of friends. In addition to Wechat, a variety of shopping links have also appeared on some content centric social media platforms. Participants in social e-commerce often rely on Wechat groups and circles of friends to quickly attract users on the Wechat platform. They quickly established user groups through Wechat's interpersonal network. They thrive on the edge of the mainstream Internet and major cities. With the development of the Internet, consumption has gradually changed from search to sharing. In the past, when we needed to get news and information, or buy a product, we would enter keywords to search, and then a large number of stores' rankings

would appear. We could only make the best decision through complicated comparison. Once all goods were obtained through the action of search, which is called the traditional search e-commerce. However, the situation has suddenly changed subtly. When you need to buy a shirt, it is no longer necessary to search and compare repeatedly. You can buy it directly according to the recommendation of people around you. This change helps users find suitable products faster in today's surplus of information and goods. For a long time, social e-commerce companies have mainly focused on two tools and forms: collage and distribution. These tools exist for the keyword of fission. They are based on the continuous fission of new users, and ultimately pursue the traffic that e-commerce is most eager for.

Centralization or decentralization? Various unique channels and brands will show diversified development in the future. Meituan, didi and other platforms essentially adopt a centralized mode similar to Taobao and jd.com, as the distribution center of goods and services, and master the rules and flow. Social e-commerce channels represent a decentralized model. They expand the number of fans through social sharing. This represents a decentralized mode, which coexists with the centralized platform mode, showing a situation of flowers blooming. However, in recent years, with the rise of the live broadcast delivery industry, decentralization has gradually returned to the centralized mode. Once the communication effect verifies that a certain behavior can achieve the best effect of obtaining traffic, the new anchor will often imitate it. When various behaviors are constantly imitated, whether the results deviate from the realistic values has always been a hot topic of discussion.

#### **4.2. Flow Realization is the Core of Flow Economy**

For flow oriented enterprises and netizens who rely on fans, flow liquidity is the ability to achieve profitability. They use various marketing strategies and business models to turn any resources, hobbies, advantages and interests into profit opportunities. From the perspective of economics, liquidation means converting non-profit assets into operating income. Specifically, realization is to convert an item or time into money or something with exchange value. Flow realization is to make flow have commercial value through various marketing means.

The relationship between the subject, fans and users is the basis of flow realization. As fans' trust in the subject increases and users' stickiness increases, the flow realization efficiency will also increase accordingly. The core of evolution is to give full play to its own advantages to create the maximum value of traffic. Flow realization is a process in which flow is allocated to create valuable products and services and obtain commercial returns. Therefore, it can be said that the ultimate goal of almost all commercial activities is to realize the flow.

Connection is the key to flow realization. Flow realization means to convert flow into business value, and the essence of business is exchange. In order to exchange, both parties must establish a connection. In the past, enterprises established connections with users through channel tactics and human resources. This sales network has its advantages, but it also has obvious disadvantages, such as complex structure and high liquidation cost. At present, there are various ways to establish contact with users, including e-commerce, we media, social groups, etc. A popular buffeting anchor can establish contact with tens of millions of users, which makes it possible to achieve traffic. So people try to establish one to many contacts through various ways, and "suck powder" through Wechat, Xiaohongshu, Shuaiyin, Taobao and other platforms. However, not all fans are equal to traffic, because traffic depends not only on the number of fans, but also on the quality of fans. The importance of flow lies not only in breadth (quantity), but also in depth (quality). Only by establishing a deep connection between the two aspects can we successfully realize the flow realization.



### 4.3. The Essence of Flow Economy is the Logic of Capital

The modern economic system itself is a system driven by capital, and the flow economy is no exception. The flow economy is a new business form of the modern economy. Therefore, it is the academic pursuit of Marxist theorists to return to Marx's critique of political economy and establish a sound and healthy socialist market economy system. According to the viewpoint of Marxist political economy, capital is a value that can bring surplus value. As the "universal light" and "special ether", [4] (p48-49) capital increasingly controls people's production and life and has become the dominant force in the modern world, with the continuous accumulation of capital and the promotion of economic globalization. Capital swept the globe and brought everything under its jurisdiction. In a sense, the whole world is the world shaped by capital logic. The logic of capital is the logic of profit-making and proliferation, and exploitation and oppression are its characteristics that are difficult to eliminate. However, the "appearance" or "form of expression" of capital logic will change with the development of specific circumstances. For flow economy, flow realization is the internal driving force of flow economy, so the essence of capital chasing profits is also reflected. Capital is profit seeking, and it is beyond reproach to make money by proper management. However, under the "flow only theory", some large capitals in the entertainment industry have joined hands to create false prosperity in the industry through data fraud. The flow brushing has become an open secret of the industry, and the bill brushing company has developed into a large-scale "black industry" team. Traffic fraud destroys the business integrity system, damages the interests of consumers, increases the social transaction costs, and disrupts the order of the market economy. For a period of time, the competition in the literature and art market is no longer better than whose creation is better, but whose data is higher. As a result, a large number of young idol actors with average acting skills and good appearance were sought after by capital and made a lot of money due to their large number of fans and traffic. On the contrary, some good actors with excellent acting skills can't get a notebook because they don't have traffic, which is a typical "bad money drives out good money". The entertainment industry is a part of the cultural industry. We should pay attention to economic benefits, but pay more attention to social benefits. Capital should consciously take the responsibility of promoting positive energy and guiding correct values. But some capital encourages young people to support idols at all costs, cultivate fan traffic, and only think about how to tell "ghost stories" for money, instead of thinking about how to tell good stories to the audience, so as to create positive and incremental value.

When the moon is full, it will fall. "Nothing lasts forever". The cultural industry needs the power of capital to promote, but it also needs the guidance of correct values to promote the industry to obtain lasting vitality. In order to promote the healthy and orderly development of the digital economy, provide the public with a clean and positive cyberspace, build a fair and reasonable digital economy platform, and take effective measures to control the chaos of the flow economy, it is imperative.

## 5. Governance of Chaos in Flow Economy from the Perspective of Digital Economy

### 5.1. Enhanced Technology Identification

The implementation of real name communication system is the key to cut off false registration. In order to better implement the provisions of the communication real name system, it is necessary to further strengthen the control of false traffic. To completely cut off the root cause of malicious registration, the key is to start from the starting point of the registration process, that is, through real name mobile phone number verification. Only by strengthening the monitoring and management of all kinds of communication card numbers, and fully implementing the requirements of the real name system, can we effectively control traffic fraud.

In order to prevent and combat overseas bill swiping, the platform party must continuously update its security strategy and take continuously upgraded security measures. Regulatory behavior plays a crucial role here. They can use technical means to protect themselves, such as shielding or filtering out these false data. However, due to the lag of technical means of the platform and the continuous updating and upgrading of technology in the brush traffic industry, there will always be some cases of escaping detection. Therefore, it is necessary to seek other solutions to the problem and continuously enhance the recognition ability. "The core and key to governance of we media chaos lies in the regulatory intervention of platform algorithms" [5]. Otherwise, irresponsible algorithms will also become the makers of traffic chaos.

## 5.2. Strengthen Legal Protection

Technology can solve some problems, but not all. The last line of defense is to make illegal actors bear legal responsibility through legal means, which plays a deterrent role. Relevant institutions and platforms have also repeatedly cracked down on data fraud, but the reason why this phenomenon cannot be completely eliminated is that data and ranking directly involve multi-party commercial interests, and these data lack transparency and authoritative third-party supervision in many cases. In addition, the behaviors such as Bill swiping and list swiping are relatively hidden and the illegal cost is low, so it is difficult for some stakeholders to curb their desire to cheat. Black ash industry creates false traffic in order to obtain benefits, while traffic demanders rely on traffic to attract attention. Capital and public opinion also rely on flow to obtain greater benefits. Therefore, each subject pursues its own needs in this industrial chain, resulting in no one revealing this truth. The increasingly serious traffic chaos has profoundly affected the healthy development of the traffic industry, and even generated some social problems. For the three parties of false traffic manufacturers, black and gray industry and network platform, the state should promulgate a more stringent network supervision law to increase the cost of illegal crime. We will strengthen the supervision of the internet police, improve the awareness of the rule of law on the Internet among the people, and rely on the power of the vast number of Internet users to work together to control traffic economic chaos.

## 5.3. Effective Regulation of Capital

On the basis of following the basic principles of scientific socialism, the Communist Party of China led the people to realize the localization and modernization of Marxism in China, successfully explored the socialist market economy system with Chinese characteristics for a new era, and realized the organic combination of market economy and socialist system. The General Secretary pointed out: "Building a socialist market economy is a great creation of our Party." [6] Market economy itself is inseparable from the capital subject. How to treat and use capital correctly? It is a problem we must face squarely and cannot avoid. In this regard, we should not only adhere to the basic principles of Marxist political economy and clarify the objective fact that the essence of capital is to realize the appreciation of surplus value, but also see that capital is an important factor of production in economic relations and plays an important role in promoting the development of productive forces. The report of the 20th CPC National Congress also pointed out that "regulate and guide the healthy development of capital according to law." [7] The investigation of the basic laws and historical trends of capital operation in Marx's critical vision of political economy is the theoretical source of making capital better serve the socialist market economy. The general secretary pointed out: "Regulating the behavior of capital, seeking advantages and avoiding disadvantages, not only do not let 'capital crocodiles' arbitrarily, but also give play to the function of capital as a factor of production is a major political and economic issue that cannot be avoided." [8] The interpretation of the historical fate of capital from the perspective of Marxist political economy criticism helps to deepen the theoretical research and practical guidance of capitalism under the condition of socialist market economy, so as to promote the benign development of all kinds

of capital, play its role in developing productivity and improving people's well-being. "Regulate and guide the healthy development of China's capital according to law, and give play to the positive role of capital as an important factor of production" [9]. Therefore, for the platform capital, business capital and intermediary capital in the digital economy era, we need to strengthen their effective supervision in accordance with the law to curb the disorderly expansion of capital. At the same time, we should vigorously support and guide their standardized and healthy development, and resolutely put an end to the occurrence of manipulating and creating false traffic.

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