

The Influence of Live Streaming Commerce on Customer Behavior

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Abstract. Live streaming e-commerce, commonly referred to as "live stream shopping", constitutes a novel retail paradigm wherein real-time video broadcasts are employed to promote and sell products directly to consumers. This emerging phenomenon synergistically combines elements of traditional e-commerce, entertainment, and social interaction, fostering a distinctive shopping experience characterized by immediacy, interactivity, and personal engagement. This paper categorizes the forms of live streaming into two distinct types, and further delineates the impact on consumer behavior into three classifications. It deliberates upon the multifaceted effects of diverse live streaming formats on various facets of consumer behavior, subsequently summarizing both commonalities and discrepancies among them. Ultimately, based on the outcomes, this study provides pertinent recommendations to both the e-commerce industry and consumers, offering insightful guidance for optimal practices.

Keywords: Live streaming commerce, customer behavior, influencer marketing.

1. Introduction

The emergence of smartphones, social media, and high-speed internet in recent years has revolutionized communication, interaction, and consumption patterns. With the advent of live streaming technology, a new trend called live commerce has emerged within the realm of e-commerce. Specifically, live commerce refers to the real-time streaming of video content showcasing products or services, providing consumers with the ability to visually explore the offerings, engage with hosts, and promptly make purchase choices. As a result, this innovative approach to online shopping has garnered substantial traction and popularity, particularly among millennials and Gen Z consumers seeking distinct and interactive shopping experiences.

Live commerce has had a far-reaching impact on consumer shopping behavior, affecting consumer decision-making processes, purchase patterns, and brand loyalty. With the increasing adoption of live commerce platforms by consumers, businesses have recognized the potential of this emerging trend in boosting sales and enhancing customer engagement. Therefore, it is crucial to comprehensively understand and analyze the various aspects of live commerce and its implications for consumer behavior.

In recent years, many researchers have been involved in this research from a variety of perspectives as well as the perspective of e-commerce or consumers to analyze the problem. For instance, from the perspective of consumer age, some studies have shown that middle-aged consumers lack comparison, quickly build trust and rely on friends' recommendations in their consumption behaviors during Tik Tok live shopping [1]. In addition, for consumers' purchase behavior, previous studies have adopted TPB (Theory of Planned Behavior) [2], SOR (stimulus-organism-response framework) [3-5], SWOT analysis [6], attention-interest-desire-action (AIDA) model [7], stream-streamer-viewer framework [8], cognitive-affective framework [9], etc. It has been revealed that scarcity, immersion, environment and place, anchor effect, marketing strategy, emotional state and other factors are closely related to consumers' impulsive buying behavior and purchase intention. Nevertheless, the current research is not sufficient for the differences and similarities between different types of live streaming and their impact on different aspects of consumer behaviors. Accordingly, this paper aims to provide a comprehensive analysis of the impact of live commerce on consumer shopping behavior. Specifically, it will explore the effects of live streaming commerce on consumer decision-making,

purchasing patterns, and brand loyalty. By the comparison of different types of live broadcast, to further elaborate and analyze the impact on consumer purchasing behavior similarities and differences. Through the existing literature analysis, this study aims to offer valuable insights into the evolving dynamics of consumer behavior in the realm of live commerce.

2. The Theoretical Development

2.1. Live streaming commerce

Live streaming e-commerce, also known as live commerce or livestream shopping, is an emerging e-commerce model that integrates product showcasing, sales, and real-time consumer interaction through live video broadcasting. The core feature of live commerce lies in the real-time presentation of products by hosts (commonly known as live streamers or influencers) on online platforms. Hosts demonstrate product features, usage, and benefits, while engaging with the audience in real-time. Viewers have the opportunity to interact with hosts by asking questions, leaving comments, and making immediate purchases during the live broadcast. This interactivity and immediacy give live commerce a distinct advantage over traditional e-commerce models.

The live commerce market has experienced rapid growth in recent years, particularly with the support of social media and e-commerce platforms, expanding its market size and influence. More and more brands and retailers are utilizing Live Commerce as a vital tool for brand promotion and product sales. It has become an effective means of stimulating consumer purchasing desire and boosting sales revenue.

Live streaming commerce comes in different forms, catering to diverse consumer preferences and needs. One prevalent form is influencer-led live streaming, where popular social media influencers showcase products to their followers. These influencers leverage their credibility, expertise, and large follower bases to influence purchasing decisions. By engaging with their audiences in real-time, influencers create a sense of trust and authenticity, which can enhance consumers' willingness to make a purchase.

Another form of live streaming commerce is brand-led live streaming, where companies conduct live events to promote their products or services. These events often include product demonstrations, Q&A sessions, and exclusive discounts to encourage consumers to buy. This form allows brands to establish a direct connection with their target audience while showcasing the features and benefits of their offerings.

2.2. Consumer's shopping behavior

Consumers' shopping behavior refers to the series of actions and decisions individuals make when purchasing goods or services. It includes various elements such as product selection, price comparison, decision-making processes, and post-purchase evaluation. These behaviors are influenced by several factors, including personal preferences, social influence, marketing strategies, and technological advancements. In today's digital era, the way consumers shop has undergone a significant transformation. The emergence of live streaming commerce has revolutionized the traditional shopping experience, providing consumers with a new and interactive way to make purchases. Live streaming commerce involves the real-time broadcasting of product demonstrations, promotions, and sales events through various online platforms. This innovative and engaging approach allows consumers to interact with sellers, ask questions, and make purchases directly within the live stream.

3. Different effects of live streaming commerce on consumer

3.1. Decision-making

3.1.1 Influencer-led live streaming

Social proof, a concept explored in Robert Cialdini's theory of influence [10], plays a significant role in consumers' shopping behavior during live streams. Influencers act as persuasive sources, using their authority and credibility to endorse products. Consumers are more likely to trust and follow the recommendations of influencers they admire, as they seek to imitate the behaviors and choices of those they consider influential or popular. The authority and expertise attributed to influencers contribute to their persuasive influence. Consumers tend to trust influencers who are seen as experts in their respective fields, assuming that their product recommendations are well-informed and reliable.

Live streaming commerce offers real-time interactions between influencers, brands, and consumers. Consumers can ask questions, seek product demonstrations, and engage in live polls, making the shopping experience more interactive and personalized. Active engagement with the live stream enhances consumers' sense of involvement and empowerment. The sense of agency, or the ability to actively participate and influence the outcome of the live stream, can lead to increased satisfaction and motivation to make a purchase.

Influencers often share personal experiences, stories, and opinions during live streams, creating emotional connections with their audience. Emotional bonding plays a vital role in influencing consumers' shopping behavior. Consumers are more likely to trust and purchase products recommended by influencers they feel emotionally connected to. This emotional connection fosters brand loyalty and repeat purchases as consumers perceive the influencer's recommendations as authentic and relatable.

Social identity theory suggests that individuals derive part of their self-concept from the groups they belong to [11]. In live streaming commerce, viewers are part of a virtual community centered around the influencer. Being part of this community influences consumers' shopping behavior as they seek to conform to the group's preferences and make similar purchasing decisions to feel a sense of belonging.

Reciprocity, a principle outlined in Cialdini's theory, suggests that people feel obligated to return favors or acts of kindness [10]. During live streams, influencers often provide exclusive deals, discounts, or personalized responses to viewer queries, fostering a sense of reciprocity among consumers. In return, consumers may feel obliged to make a purchase or engage with the influencer's content.

3.1.2 Brand-led live streaming

Live streaming led by brands benefits from established trust and familiarity with the brand. Consumers already recognize the brand and may have prior positive experiences with its products or services. Brand trust plays a crucial role in consumers' shopping behavior. Research shows that consumers are more likely to make purchase decisions from brands they trust, as trust reduces perceived risks and uncertainty associated with buying new or unfamiliar products.

In live streaming led by brands, product demonstrations and expert insights are common. Brands can showcase their products' features, functionalities, and advantages, positioning themselves as knowledgeable authorities in their respective industries. Consumers seek information and expertise when making purchase decisions. Live product demonstrations and expert insights provide valuable information, reducing consumers' cognitive effort in evaluating products and making informed choices.

Brands can tailor live streaming content to suit their target audience's preferences and needs, offering personalized product recommendations and solutions. Personalization enhances consumers' sense of being valued and understood by the brand. Customized offerings align with consumers' individual preferences, increasing their engagement and purchase intent.

3.2. Purchasing patterns

3.2.1 Influencer-led live streaming

The fear of missing out (FOMO) drives consumers to participate in live streams and make purchase decisions impulsively [12]. The ephemeral nature of live streams, with limited-time promotions and exclusive deals, creates a sense of urgency and scarcity, compelling consumers to act quickly to avoid missing out on exciting offers. This concept aligns with the psychological principle of loss aversion, as consumers are more motivated to act to avoid perceived losses rather than to achieve gains.

3.2.2 Brand-led live streaming

Brands often use live streaming to introduce exclusive products or limited-time offers, creating a sense of urgency and scarcity. The psychological principle of scarcity motivates consumers to act quickly to secure products or deals that are available for a limited time. The perception of exclusivity and the fear of missing out (FOMO) drive consumers to make immediate purchase decisions during live streams.

3.3. Brand loyalty

Brands may showcase customer testimonials or real-time reviews during live streams, providing social proof of their product's quality and benefits. Social proof influences consumers' shopping behavior as they are more likely to trust products endorsed by other consumers. Positive testimonials and reviews validate the brand's claims, fostering trust and encouraging purchase decisions.

Live streaming led by brands allows for real-time interaction with consumers. Brands can respond to questions, address concerns, and engage with viewers during the live stream.

Interaction and engagement foster a sense of involvement and empowerment among consumers. The opportunity to interact with the brand directly enhances consumers' connection with the brand, positively influencing their shopping behavior.

Brands can use live streaming to create emotional connections with their audience through storytelling and brand narratives. Emotionally appealing content enhances consumers' brand attachment and loyalty. Storytelling triggers emotional responses, influencing consumers' perception of the brand and their decision to make a purchase.

3.4. Comparison

3.4.1 Similarity

The similarity is mainly reflected in the following aspects: social proof, interactivity, emotional appeal, and urgency and scarcity. Firstly, both influencer-led and brand-led live streaming leverage social proof to influence consumers' shopping behavior. Influencers and brands use testimonials, customer reviews, and real-time interactions to build trust and credibility with the audience. Then, the two kinds of marketing both provide opportunities for real-time interaction with viewers. Whether led by influencers or brands, live streaming allows consumers to ask questions, seek demonstrations, and receive personalized responses, enhancing engagement and connection. In addition, they employ emotional appeal to resonate with consumers. Influencers use their authentic and relatable personas, while brands use storytelling and brand narratives to evoke emotions and strengthen brand attachment. Moreover, they capitalize on urgency and scarcity to drive consumer action. Time-limited promotions and exclusive deals create a sense of FOMO, motivating consumers to make immediate purchase decisions.

3.4.2 Differences

There differences mainly lie in the following aspects: trust and familiarity, expertise and authority, personalization and social identity. Influencer-led live streaming relies on the trust and familiarity established between the influencer and their audience. Consumers are more likely to trust influencers they follow, whereas brand-led live streaming leverages existing brand trust and reputation. Moreover, influencers are often perceived as subject matter experts, contributing to their persuasive influence in

influencer-led live streaming, while brand-led live streaming highlights the brand's expertise and product knowledge. Besides, influencer-led live streaming can be highly personalized, as influencers cater content to suit their audience's preferences. However, brand-led live streaming may provide personalization but is more focused on showcasing products and brand offerings. Furthermore, influencer-led live streaming fosters a sense of social identity and belonging among the influencer's community, while brand-led live streaming focuses on the brand's identity and may appeal to a broader audience.

4. Conclusion

In conclusion, live streaming commerce has many advantages that traditional online marketing methods cannot compare to, such as more intuitive display of products, stronger entertainment and appeal. Moreover, this method can create an atmosphere where everyone is consuming through the performance of the anchor and electronic technology. This atmosphere can easily make consumers impulsive in their consumption. As a result, e-commerce providers should consider incorporating live streaming marketing both influencer-led and brand-led live streaming in their marketing strategies. Collaborating with influencers can expand reach and tap into niche audiences, while brand-led live streaming can reinforce brand trust and provide expert insights. However, no matter partner with influencers or leading live streams, e-commerce providers should prioritize authenticity and transparency for that consumers value genuine interactions and content, which fosters trust and credibility. What is more, e-commerce providers should tailor the content of live streaming according to customers needs and interests and produce personalized content. Also, there are suggestions to consumers. Firstly, before making a purchase based on live streaming, consumers should conduct research and verify product information, such as reading product reviews, comparing prices, thus ensuring the product meets their requirements and needs. Secondly, they can also take advantage of the interactivity offered during live streams. For example, they can ask questions, seek demonstrations, and engage with the content to make informed decisions. Thirdly, trustworthy influencers provide authentic recommendations that resonate with their audience. When following influencers, customers should assess influencers' credibility and alignment with their values. Lastly, while urgency can be a motivating factor, consumers should avoid making impulsive decisions solely based on limited-time offers. It is suggested to take more time evaluating one's needs and preferences before making a decision on purchase.

In summary, both influencer-led and brand-led live streaming play essential roles in shaping consumers' shopping behavior. E-commerce providers should leverage the unique advantages of each approach to engage consumers effectively, while consumers should be discerning and informed in their decision-making process. Building trust, personalization, and meaningful engagement are keys to success for both parties in the dynamic landscape of live streaming commerce.

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