

The Impact of E-commerce Live Streaming on Consumer Purchasing Behavior in the Influencer Economy

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Abstract: This study investigates the impact of e-commerce live streaming on consumer purchasing behavior, focusing on the current market size, the promotion efforts of mainstream media and businesses, and conversion rates. The results show that the market for live streaming is expanding rapidly, with businesses and media viewing it as a key traffic source and marketing tool. The conversion rate of live stream content is also higher than traditional e-commerce marketing methods. However, the influence of live streaming is not entirely positive, highlighting the need for increased regulation and more rigorous market standards. E-commerce platforms and influencers must also deepen their understanding of consumer needs to build trust and optimize their content to suit purchasing behavior.

Keywords: Influencer economy, Consumer behavior, Purchasing decision, Impact factors.

1. Introduction

In recent years, the rapid advancement of digital technologies and the widespread use of social media platforms have given rise to new marketing and commerce models, with e-commerce live streaming becoming one of the most notable trends. This form of commerce integrates entertainment, real-time interaction, and immediate purchasing opportunities, all facilitated by the engagement of influencers—individuals with a strong social media presence who are trusted by their followers. Influencers act as intermediaries between brands and consumers, using live streaming to demonstrate products, answer questions, and offer promotions, thereby influencing consumer purchasing decisions in a more personal and engaging manner than traditional marketing.

The influencer economy itself has become a dominant force in digital marketing, with businesses increasingly relying on the authenticity and reach of influencers to promote their products. Unlike standard advertising, where product promotion is often detached and impersonal, e-commerce live streaming allows consumers to interact directly with influencers and gain real-time information about products. This dynamic interaction fosters consumer trust and increases engagement, creating an environment where purchasing decisions are often made more impulsively due to the sense of urgency and excitement generated during live broadcasts. Live streaming is particularly appealing to younger audiences, who value authenticity, immediacy, and interactivity in their online experiences [1].

The scale of this market is substantial. In China, which has led the global boom in e-commerce live streaming, platforms such as Taobao Live, Douyin (the Chinese version of TikTok), and Kuaishou have transformed the way consumers shop online. According to the 2023 iResearch report, the market size for e-commerce live streaming in China alone grew to 3.4879 trillion yuan in 2022, a staggering increase from the 19.64 billion yuan reported in 2017. This growth reflects not only the increasing popularity of live streaming as a marketing tool but also the expanding role of influencers in

driving consumer behavior [2].

At its core, e-commerce live streaming transforms the traditional shopping experience by creating a virtual marketplace where products are showcased, tested, and endorsed by trusted influencers in real time. Consumers feel a closer connection to both the products and the influencers presenting them, making them more likely to make purchases. This new format has disrupted conventional e-commerce models, which rely more on static product listings and impersonal reviews, providing consumers with a more immersive and engaging way to shop.

However, despite the obvious benefits, e-commerce live streaming also presents challenges. While influencers often boost sales through their relatability and ability to build trust with their audience, there are concerns over over-promotion, misleading claims, and the pressures of impulse buying. As live streaming continues to grow, so too does the need for regulation and transparency to ensure consumers are making informed purchasing decisions.

This paper will delve into both the positive and negative impacts of e-commerce live streaming on consumer purchasing behavior. It will explore how influencers shape consumer trust, the strategies businesses employ to maximize conversions, and the psychological factors that drive impulsive buying during live streams. Additionally, it will examine the future of e-commerce live streaming, addressing potential challenges and opportunities for growth in this rapidly evolving market.

2. Overview of the Influencer Economy and E-Commerce Live Streaming

2.1. The Influencer Economy

The influencer economy refers to the system in which individuals with significant followings on social media platforms act as intermediaries between brands and consumers. These influencers, ranging from macro-influencers with millions of followers to micro-influencers with smaller yet highly engaged audiences, have become pivotal in shaping consumer behavior. Influencers typically

specialize in specific niches, such as beauty, fashion, technology, or lifestyle, and their product endorsements are perceived as authentic, personalized, and trustworthy compared to traditional advertising. According to Abidin, this perceived authenticity is central to the influencer economy, as consumers tend to view influencers as relatable individuals who offer unbiased product recommendations [3].

Research shows that influencer marketing significantly increases brand awareness, consumer trust, and engagement. Influencers play a key role in shaping consumer perceptions by offering relatable narratives and personalized endorsements. Brands have recognized this shift and now invest heavily in influencer partnerships. The global influencer marketing industry is projected to reach \$21.1 billion by 2023, reflecting the growing influence of social media personalities on purchasing decisions [4]. Micro-influencers have emerged as particularly valuable in the influencer economy, as their smaller yet dedicated followings typically exhibit higher levels of engagement and stronger purchase intent compared to larger, more generalized audiences [5]. Their ability to build niche communities allows them to cultivate trust, which is crucial for driving consumer loyalty and repeat purchases [6].

Influencers' success in this economy relies heavily on the parasocial relationships they establish with their followers. These one-sided relationships, where followers feel emotionally connected to influencers despite the lack of real-world interaction, play a key role in shaping purchasing behaviors. Lee and Watkins suggest that the stronger the parasocial relationship, the more likely followers are to emulate the influencer's lifestyle and purchasing habits, thus enhancing the effectiveness of marketing strategies [7].

2.2. E-commerce Live Streaming

E-commerce live streaming, as an extension of the influencer economy, blends real-time interaction, entertainment, and commerce, transforming the way consumers shop online. The format offers a dynamic and immersive experience where influencers or hosts showcase products, answer audience questions, and provide personalized recommendations. Unlike traditional e-commerce platforms, which rely on static product descriptions and user reviews, live streaming allows consumers to witness product demonstrations in real-time, fostering instant trust and engagement.

The rise of e-commerce live streaming has been particularly notable in China, where platforms such as Taobao Live and Douyin have integrated live streaming features to capitalize on this trend. According to a report by iResearch, China's e-commerce live streaming market reached 3.4879 trillion yuan in 2022, reflecting its rapid expansion over recent years. This model leverages immediacy and interactivity, two crucial elements that enhance the consumer's online shopping experience [2]. Studies have shown that consumers are more likely to purchase products when they can directly interact with influencers or sellers and receive immediate feedback, thus simulating the experience of shopping in physical stores [8].

In Western markets, platforms like Instagram Live, YouTube Live, and Amazon Live have started adopting e-commerce live streaming, recognizing its potential to drive sales and enhance consumer engagement. Research indicates that live streaming e-commerce fosters a sense of urgency and exclusivity, as consumers are often incentivized to make

purchases through time-limited discounts or limited stock offers during the broadcast [9]. This aligns with the concept of impulse buying, where consumers are driven by the fear of missing out (FOMO), leading to spontaneous purchasing decisions [10].

Live streaming provides brands with a platform to engage in direct dialogue with consumers, offering personalized recommendations and answering product-related queries in real-time. This level of interaction is critical for building consumer trust, as it allows for transparency and the demonstration of product authenticity [11]. The role of emotional engagement in e-commerce live streaming is also crucial, as studies have found that consumers who are emotionally connected to an influencer or the content are more likely to make purchases. Emotional appeal, when combined with social proof—the presence of other viewers participating in the broadcast—creates a sense of community, further encouraging consumer loyalty and long-term brand engagement.

E-commerce live streaming has proven to be particularly effective in industries such as beauty, fashion, and electronics, where visual demonstrations and expert recommendations can significantly influence purchasing decisions. For instance, Li Jiaqi, one of China's most prominent live-streaming influencers, has been dubbed the "Lipstick King" due to his ability to sell millions of dollars' worth of beauty products during a single live-streaming session [12]. His success exemplifies the potential for live-streaming influencers to generate significant sales and shape consumer preferences through engagement, trust, and real-time interaction.

As e-commerce live streaming continues to evolve, brands and influencers alike must consider both the opportunities and challenges associated with this model. While the format offers substantial advantages in terms of consumer engagement and conversion rates, it also raises questions regarding ethical marketing, transparency, and consumer protection. As this sector grows, there is an increasing need for regulation to ensure that consumers are making informed purchasing decisions and that live streaming platforms adhere to fair marketing practices.

3. The Impact of E-Commerce Live Streaming on Consumer

3.1. Enhanced Consumer Engagement and Trust

One of the primary impacts of e-commerce live streaming is its ability to enhance consumer engagement and build trust. Unlike traditional e-commerce, which offers limited interaction, live streaming enables two-way communication between the streamer (often an influencer) and the audience. This immediacy creates a sense of intimacy and authenticity that traditional advertising lacks [13].

Participants in live streams often express stronger emotional connections to the host and the products being showcased, as they can see the product in action, ask questions in real-time, and receive instant feedback. According to interviews with live stream participants, many viewers feel that the real-time interaction helps establish a personal connection with the influencer, which in turn builds trust and increases their likelihood of purchasing the product.

Moreover, live streamers often serve as curators, recommending products that align with their personal brand or lifestyle, further reinforcing their followers' trust in their

recommendations. This endorsement carries significant weight in the purchasing decision-making process, as consumers often view influencers as authentic and relatable figures compared to corporate advertising.

3.2. Immediate Purchasing Incentives

The real-time nature of live streaming creates a sense of urgency that can drive impulse buying. Limited-time offers, flash sales, and exclusive discounts are common strategies used in e-commerce live streaming to encourage viewers to make purchases on the spot. This urgency, coupled with the emotional engagement generated by live interaction, makes consumers more likely to act impulsively.

Research shows that live streaming environments often evoke positive emotions such as excitement and trust, which directly correlate with higher conversion rates. The interactive features, such as countdown timers for promotions and real-time stock updates, add a gamified element that stimulates impulsive buying behavior [14].

3.3. Product Demonstration and Authenticity

E-commerce live streaming allows for real-time product demonstrations, providing a level of transparency and authenticity that static images or videos cannot. Viewers can see how a product works, how it looks in various lighting conditions, and even ask specific questions about its features and benefits. This hands-on demonstration builds credibility, as it reduces the uncertainty associated with purchasing products online.

Participants in a recent study highlighted the importance of being able to see the product in use before making a purchase. The ability to observe the texture, color, or functionality of a product in real-time helped alleviate concerns about product quality and encouraged them to make a purchase.

3.4. Challenges and Negative Impacts

Despite the positive aspects, there are also challenges and potential negative impacts associated with e-commerce live streaming. One concern is the growing prevalence of over-promotion and misleading product claims. As the influencer economy expands, some influencers may prioritize profits over authenticity, leading to exaggerated claims or deceptive practices. This undermines consumer trust and can damage the reputation of both the influencer and the brands they promote.

The emotional engagement and sense of urgency created during live streams can lead to impulsive and regretful purchases. Some consumers report feeling pressured to buy products during flash sales or limited-time promotions, only to regret their decisions later when the excitement wears off. This highlights the need for more transparent marketing practices and ethical guidelines in the live streaming industry.

4. Conclusion

E-commerce live streaming has undoubtedly transformed the online retail landscape, introducing a more interactive, engaging, and emotionally-driven shopping experience. By tapping into the influencer economy, brands can reach consumers in a manner that feels authentic and personalized, driving higher engagement rates and increasing conversion. The combination of real-time interaction, product demonstrations, and social proof has made live streaming an integral tool for businesses looking to build trust and foster loyalty among their target audiences.

One of the key advantages of e-commerce live streaming lies in its ability to create an immersive shopping environment where consumers can ask questions, receive immediate feedback, and make informed purchasing decisions. Influencers, acting as intermediaries between brands and consumers, play a crucial role in shaping consumer perceptions and purchasing behavior. Their parasocial relationships with their followers, built on trust and relatability, enhance the impact of product endorsements, often leading to impulse purchases. Studies have shown that consumers are more likely to buy products during live streams due to the fear of missing out (FOMO), particularly when exclusive discounts and limited-time offers are involved [11].

Despite its many benefits, the rapid rise of e-commerce live streaming also presents several challenges that require careful consideration. One major concern is the potential for over-promotion and the encouragement of impulsive buying behaviors. The excitement and urgency created by live-stream hosts and influencers can sometimes lead consumers to make purchases they later regret. This is especially true when influencers promote products without providing sufficient or accurate information, resulting in misleading claims that may compromise consumer trust in the long run. Furthermore, the use of aggressive marketing tactics can contribute to a short-term sales boost but may harm a brand's reputation and lead to dissatisfaction among consumers who feel deceived by the promotional strategies used in live streams.

To ensure the sustainable growth of e-commerce live streaming, it is essential that merchants and platforms adopt ethical marketing practices. Influencers should prioritize transparency and authenticity in their product endorsements, providing honest reviews and highlighting both the advantages and potential drawbacks of the products they promote. Research indicates that consumers value genuine interactions and are more likely to develop long-term loyalty to influencers and brands that maintain honesty in their communications [8].

The implementation of regulatory frameworks is critical to safeguarding consumer interests. As live streaming becomes a dominant force in online retail, government bodies and industry stakeholders need to establish clear guidelines to ensure that live streaming content adheres to fair marketing practices. For instance, regulations could mandate that influencers disclose sponsored content and provide accurate product information, preventing false advertising and misrepresentation. Platforms hosting live streams should also implement consumer protection measures, such as providing return policies and clear terms of service, to ensure that consumers are fully informed before making purchasing decisions [12].

Merchants and brands should focus on improving the quality of live streaming content. This involves not only working with reputable influencers but also ensuring that the live-streamed content is engaging, informative, and relevant to the audience. High-quality live streaming, characterized by professional product presentations and meaningful interactions, is more likely to build long-term consumer trust and brand loyalty. Brands can also benefit from leveraging data analytics to better understand their audience's preferences and optimize their live-streaming strategies accordingly.

In conclusion, while e-commerce live streaming presents numerous opportunities for growth and engagement, it also requires a thoughtful and ethical approach to marketing. By

addressing the challenges associated with impulse buying, transparency, and consumer protection, the industry can continue to thrive in a way that benefits both businesses and consumers. As this sector evolves, maintaining a balance between emotional appeal and consumer protection will be key to ensuring the sustainability and credibility of e-commerce live streaming in the long term.

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