

A Study of Consumers Purchasing Factors through Facebook Online Live Streaming: Taking Sales of Clothing for Example

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Abstract

Owing to the rise of online live streaming in recent years, many socializing platforms also successively introduce the live streaming services that blew up the fad of live streaming. This situation not only brings overnight fame to a lot of online ordinary people but also develops the business model of combined ecommerce with digital marketing. Therefore, this research adopts Facebook as a research tool which is widely applied by netizens in exploring the factors that live streaming platforms impacts on consumers' willingness of purchase. This research is aimed at the environment which Facebook applies to live streaming platforms. The subjects were recruited consumers who purchase clothing through online questionnaires to investigate that the factors influence on consumers' willingness of purchase. The results indicate that among the majority of influential factors of purchase, consumers purchase commodity through Facebook because of "bandwagon effect". Furthermore, interaction between streamers and consumers is one main factor of customers purchasing motivation. In addition to providing related data to operators on the future live streaming platforms, the results of this research will also help managers further easily develop online live streaming and the marketing strategy of digital service.

Keyword : Facebook; Live streaming; Purchase Intention; Conformity; Perceived Interactivity

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Introduction

Background

Internet has developed rapidly in recent years. Smartphone technologies have changed the way information is communicated and our lifestyle. Nowadays consumers not only intake information from newspapers, television or magazines, but also utilize social media for information gathering. According to a 2015 study conducted by Market Intelligence & Consulting Institute [MIC] Taiwan, an average of 80% of users utilize social network platforms for finding information on purchasing goods. Social media can be utilized in many different ways, including text, photos and videos. Therefore many e-commerce businesses gradually switch to social media platforms to advertise their products for better sales and interaction.

Research Motive

Online live streaming is a type of function in social media platforms. According to a 2017 study conducted by Taiwan Broadband Internet survey, Taiwan has accumulated 18 million online users, occupying 80% of the total population in Taiwan. Furthermore, nearly 40% of the users used live streaming before. Many social media platforms such as Facebook, YouTube and Instagram also offer live streaming services for users to broadcast, also for users to interact with other online users via live chat integrated in social media platforms (Hamilton, Garretson & Kerne, 2014). Due to the high accessibility of live streaming services, many individuals can utilize digital devices to start their own live streams. Which creates some online celebrities as well as develop some innovated business models using live streaming to sell products. According to InsightXplorer Corporation 2018 survey, almost 80% of the users who use e-commerce had watched live streaming commerce before and 40% of those users who actually purchase from live streaming commerce. Just Facebook alone, reported as high as 5.5 billion users utilized its platform for commerce (Commercial Times, 2018).

Traditional e-commerce has some risks involved, mainly regarding the unknown of the product (Glover & Benvasat, 2011). Live streaming platforms offer users more immersive experiences and instant interactivity. Live streamers could answer questions posted by users instantly and also taking friendly chats with audiences, which strengthen the bond between streamer and audience. Compared to traditional e-commerce platforms, live streaming services could add more fun to purchasing experiences, as well as offer instant information about products, reducing the unknown of the products. According to Central News Agency 2018, certain companies have seen their sales doubled when switching from traditional platforms to Facebook live streaming. Therefore, one could see that live streaming commerce is an undeniable trend, which this study attempts to understand. In such a business model, what key factors motivated users to purchase from live streaming commerce? Providing conclusive evidence for live streamers or companies to further enhance their live streaming services.

Research purpose

Based on the background and research motivation, this study mainly focuses on understanding the key factors which influence their motivation of purchasing live streaming e-commerce. Providing evidence for future live streaming e-commerce to exemplify on. The research process is shown in Figure 1.

1. Analyze the key factors which influence their motivation of purchasing livestream ecommerce.

Research questions

1. Does Perceived Interactivity affect consumer's motivation in purchasing from livestream ecommerce?
2. Does Seller Credibility affect consumer's motivation in purchasing from livestream ecommerce?
3. Does Conformity affect consumer's motivation in purchasing from livestream ecommerce?

The results of this study will serve as a reference for subsequent experiments.

Research area and restriction

This study uses Facebook platform in Taiwan as research area, and mainly focus on commerce of clothing. The Research subject is target at consumer who uses Facebook livestream platform to purchases clothing.

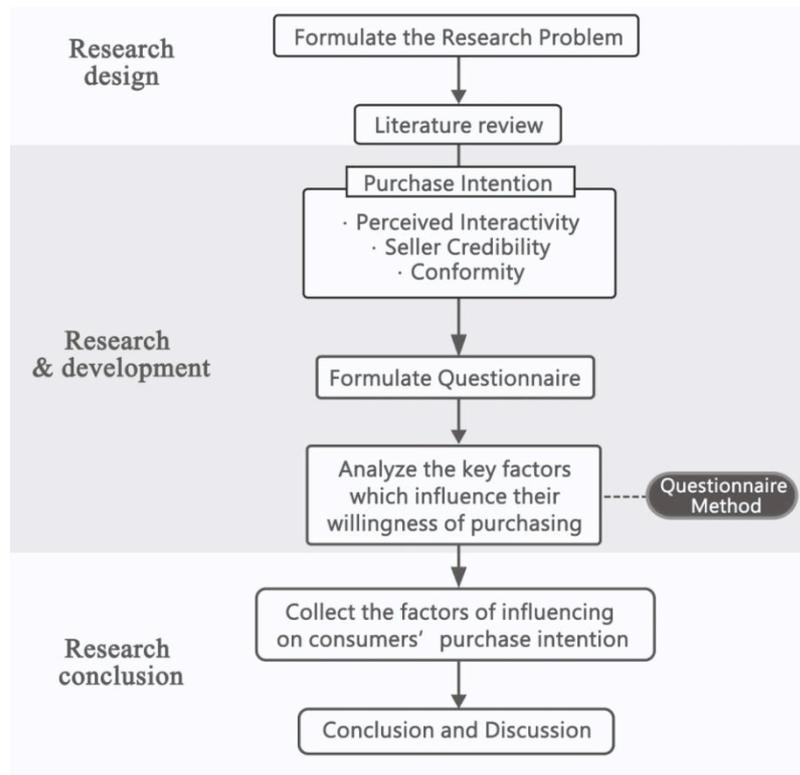


Figure1: Research Process

Literature review

In this chapter, literature review will be on the research topic regarding the study. The first part explain the property of Facebook livestream, understand how livestream interact, the second part analyses consumer purchase intention, and serve as core knowledge for methodology.

Facebook development

Facebook is one of the world's most popular social platform. According to Taiwan Business Topics (2017), Facebook has accumulate 18billion users in the world, as well as Taiwan's most popular social platform. 86% of Taiwan population owns Facebook account, which is more than any other country in the world. According to Facebook statistic, there are more than 5.5billion users using Facebook for commencing and 40% of Facebook user will use Facebook to understand the product or brand before buying. Furthermore, more than 75.8% of the users purchase product because of their Facebook fan page. Therefore we could see that Facebooks has become a crucial tool for product advertising and brand managing.

Facebook live stream

Mobile device and information technologies has improve in recent years for livestream to become accessible and popular for everyone. There are different variety of livestream services, such as Twitch, 17 livestream, Youtube and Facebook. According to Market Intelligence & Consulting Institute [MIC] 2017, The most popular livestream platform in Taiwan is Facebook, follow by Youtube livestream service, Figure 2 for detail graph.

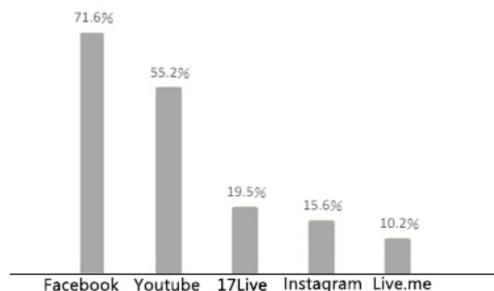


Figure2: Taiwanese Netizens mainly use Live Broadcast platform (MIC, 2017)

Perceived Interactivity and Purchase Intention

During live streaming, every user can uses chat feature to communicate. Hoffman and Novak (1996) pointed out that by using network platform's feature such as review, forum and chat, users could interact with each other and build connection. Kang; Wang; Tan & Zhao (2015) discover that in current ecommerce, consumer shifted from gathering information surfing ecommerce website to interact with seller using chat in real time. Interactivity is a crucial factor of what makes website user shifted to actual consumer (Tsai, Wu & Chuang, 2016). Social network's interactivity not only provide effective way for provider to provide information to consumer, but also become a great tool for real time engagement for answering questions. Therefore this study purpose that Social network and interactivity has close relationship with each other. When consumer uses livestream ecommerce, live streamer can utilize Facebook live stream to interact with consumer regarding product information, thus increasing purchasing intension.

Seller Credibility and purchase intension

Credibility is the trust between seller and buyer. Trust could effectively reduce the complexity and uncertainty during transaction. To stabilize the relation between both stakeholders, credibility become a crucial factor (Morgan & Hunt, 1994). In

Ecommerce environment, seller and buyer builds a trust relationship. Social network chat function can reduce the complexity and uncertainty of gathering product information Kang et al (2015). When seller streams on Facebook, consumer can provide seller with likes and share with friends, both party can comment and rated each other for other consumer to reference on. Seller who has higher rating indicates higher credibility (Doney & Cannon, 1997). Therefore, credibility in livestream can reduce the complexity and uncertainty, increasing the purchase intension.

Conformity and purchase intention

Consumer who would like to gain the group's acceptance and expectation of the group would mimic thoughts or behaviors similar to those in the group (Wilkie, 1994 & Macinnis, 1997). In marketing, conformity means consumer's opinion and attitude affected by other's action or opinion. Studies shown that most consumer purchases popular products, to prove that they belong to society and follows conformity, which also makes it easier for companies to achieve sales goals by producing popular products (Lascu & Zinkhan, 1999; Madrigal, 2000; Rose Bearden & Manning, 2001). Consumer could affect by friends and family regarding popular information, in turn , attract attention to the product, and increases the purchase intention.

Purchase Intention

Purchase intention means the likelihood of purchasing certain product (Dodds, Monroe & Grewel, 1991). When consumer purchase a product, they will choose the information base on their own experience and environment. And then evaluate whether or not to purchase such product. When consumer have a positive willingness to purchase the product or services, the greater the chance of consumer actually purchase the product or services (Peter & Olson, 2010). In Social network environment, advertisement and user's comment has a substantial effects on purchase intension(Jiménez & Mendoza, 2013).Studies shown that the higher the purchase intention indicates higher probability of purchasing the product (Schiffman & Kanuk, 2000). Base on those studies, the research defines purchase intention as the likeliness of purchasing the product and also indicates the demand for the products, which the study will use for analysis livestream ecommerce.

Summary

This study focus on understanding livestream ecommerce environment, analysis the factor affecting consumer's purchase intention. The study form hypothesis base on studies such as Perceived Interactivity, Seller Credibility, and Conformity, and then develop the questionnaire for this study. This study uses Kang et al. (2015)'s questionnaire for understanding perceived interactivity and seller credibility. In addition, the study uses Bearden et al. (1989) for understanding conformity and also uses Chiang (2015)'s questionnaire to form the full questionnaire of the study. Purchase intention is based on Lee and Turban (2001) and Tsai (2016)'s questionnaire. Finally, the wording of the questionnaire was modified according to the characteristics of this study.

Methodology

Research framework

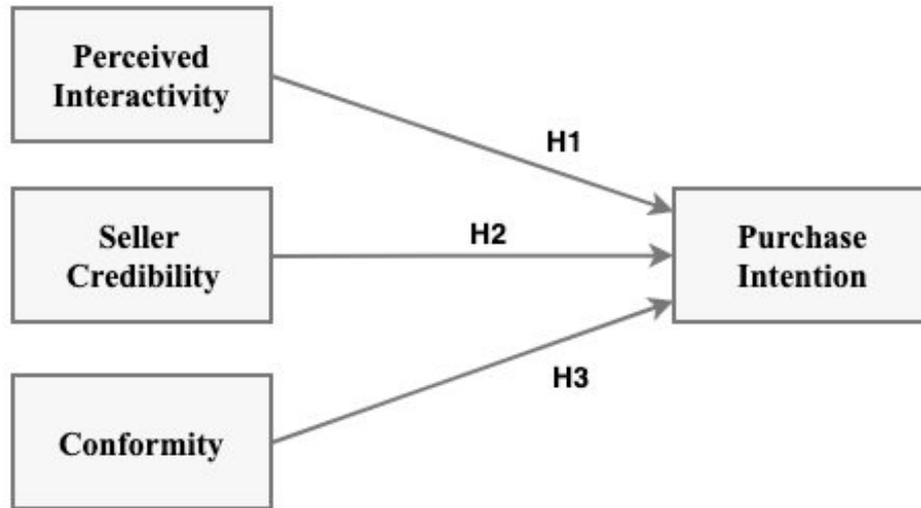


Figure3: Research Framework

The study hypothesis is shown below.

H1: Perceived interactivity has positive influence towards viewer's purchase intention in livestream ecommerce scenario .

H2: Seller Credibility has positive influence towards viewer's purchase intention in livestream ecommerce scenario.

H3: Conformity has positive influence towards viewer's purchase intention in livestream ecommerce scenario.

The research mainly focus on consumer's intention of purchasing clothes using livestream ecommerce. First by conduct literature review on the property of Facebook and livestream services and develop questionnaires based on studies and hypothesis. Then have the subjects fill out the questionnaires to understand the relationships of the factors. The questionnaire is designed in Likert (1932) scale of 5. To ensure the reliability and validity of the questionnaire, researcher refer to the scales proposed by other scholars in the past and adjust the content base on the context of the study. The research framework is shown in Figure 3.

Conclusion

This subject of this study are those audience who uses Facebook livestream service to purchase clothing in recent 6 month period. The questionnaires are distribute in various social network channels, including PTT, livestream platforms and Facebook. The questionnaires are then conduct reliability analysis upon finish collecting. The research uses SPSS 25.0 as software for verify consistency of the items. Before the official release of the questionnaires, to evaluate whether the questionnaire is effective, this research collects 37 individual subjects for pretest, There are 11 boys and 26 girls,

and the age group is 31-40 years old, accounting for 46% of the overall sample. The basic data of the subjects are shown in Table 1.

Table 1: Respondent Information

	Item	Number of people	Percentage(%)
Gender	Male	11	29.7
	Female	26	70.3
Age	Under 20	1	2.7
	21-25	11	29.7
	26-30	3	8.1
	31-40	17	46
	41-50	5	13.5
	Occupation	Student	10
	Service industry	14	37.9
	Technology industry	5	13.5
	Financial industry	2	5.4
	homemaker	3	8.1
	Other	3	8.1
The period of watching clothing live streaming	Under Six months	9	24.3
	Half – 1 years	11	29.8
	1-2 years	13	35.1
	2-3 years	0	0
	More than 3 years	4	10.8
The frequency of watching clothing live streaming	Seldom	12	32.4
	1 or 2 times per week	20	54
	3 or 4 times per week	4	10.8
	5 or 6 times per week	1	2.7
	Every day	0	0

Among the number of times that the subject purchased clothing items on the Facebook live broadcast platform within half a year, the maximum number of people who bought 1-3 times was 26, accounting for 70.3% of the total sample, and the average consumption amount was less than 1,000 TWD and 1001-3000 TWD. The ratio of TWD is 46% and 43.2%, respectively, followed by 3001-5000 TWD (8.1%) and 7,000 TWD (2.7%), as shown in Table 2.

Table 2: Respondent Consumption Experience

	Times	Number of people	Percentage(%)
The purchase frequency of clothing items in the past six months	Under 3	26	70.3
	4 to 6	8	21.6
	7 to 9	2	5.4
	10 to 20	1	2.7
	Over 21	0	0

The average amount of spending on the Facebook live stream	Less than 1000 TWD	17	46
	1001-3000 TWD	16	43.2
	3001-5000 TWD	3	8.1
	5001-7000 TWD	0	0
	More than 7001 TWD	1	2.7

Reliability analysis

This items of this questionnaire of this study is form based on the literature review. And then invited experts and scholars to evaluate the content to validity each items. After the revision base on expert's opinions, the questionnaire is prove to achieve good validity. The research then uses Cuieford (1965)'s purpose of Cronbach's α value of 0.7 as a mean to evaluate consistency of the items. This study result shown that all the aspects have Cronbach's α between 0.873 and 0.937. Which is larger than 0.7, thus deem consistent in each aspect. The result is shown in Table 3.

Table3: Reliability analysis

Reliability analysis		
	Cronbach's α	N
Perceived Interactivity	.877	6
Seller Credibility	.917	5
Conformity	.873	8
Purchase Intention	.937	5

Correlation analysis

The purpose of this study is to analysis the factor that influence consumer's purchase intention in livestream ecommerce. By using Pearson analysis to evaluate whether perceived interactivity, Seller credibility, and Conformity has positive relationship with purchase intention. According to the results. Perceived interactivity has a correlation coefficient of 0.648 with purchase intention. And value P is 0.000 thus under 0.05 significant level, we can conclude that perceived interactivity has a positive relationship with purchase intention. Also the Table shown that Seller credibility and Conformity also has a positive relationship with purchase intention base on the finding (Table 4).

Table 4: Correlation Analysis

		Correlation		
		Perceived Interactivity	Seller Credibility	Conformity
Purchase Intention	Pearson Correlation	.648**	.731**	.686**
	Sig. (2-tailed)	.000	.000	.000
	N	37	37	37

** . Correlation is significant at the 0.01 level (2-tailed)

Discussion

This study focus on understanding the factors influences consumer's purchase intention. Base on literature review, the study form 3 hypothesis which all proven to be affecting consumer's purchase intention. Base on the study, we can conclude that when consumer is purchasing using Facebook livestream ecommerce. They will most likely be influence by Conformity to purchase the product. Also other than interact with the seller by real time chat, the user can also view other consumer's opinion and review on such product, which arouse purchase intention. Lastly, the real time interactivity of livestream also proven to be affect consumer's purchase intention. The result of this study could provide as a reference for future livestream ecommerce platform. Furthermore, provide as evidence for companies who would like to develop their business model and strategies into livestream ecommerce.

Traditional ecommerce market face multiple difficulties in recent years. Many companies has shifted to livestream service to sell various products. Due to the study only target those consumer who use livestream to purchase clothing, the research purpose future study could target at different audience or livestream platforms. As an alternative, target at those consumer who may never use livestream service before to understand the potential effectiveness of livestream service. This research could service as a reference to future study to examine from, and to further study the difference of different livestream ecommerce.

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