The Influence of Live Streaming Shopping on Purchase Decisions through Customer Engagement on Instagram Social Media

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I. Introduction

Social media is currently getting more attention from business people who use it as a platform to promote products to potential customers. With social media, business actors can build relationships, build good interactions with online consumers. The COVID-19 pandemic has made many things change, people are required to adapt to the changes that occur, community activities are limited as an effort by the government to break the chain of virus spread. This condition requires the community to minimize activities outside the home, this has an impact on a surge in digital activity in the community, including business actors, they are increasing the use of online media as an effort to maintain the continuity of their business activities.

Social media is an example of a relatively recent development of information technology (Marbun et al, 2020). Communication through social media promises a comfortable state of communication, where someone who cannot compose words can be someone who is very poetic, with a very relaxed appearance and state, someone can carry out communication activities with others, lecturers, or someone when we communicate with it must take care of all things, appearance and style of language, but communicating through social media do not have to pay attention to it, sit back with a cup of coffee and use casual clothes a person can carry out communication activities (Marlina, 2020).

Abstract

Various digital platforms continue to innovate as a form of solution offered to business people. Live Streaming Shopping is now a new trend in marketing strategies using online platforms. The live feature on Instagram social media allows business people to offer products in real time, provide detailed information about products, answer questions from potential buyers or conduct other interactions with potential buyers. This study aims to analyze the influence of live streaming shopping on Instagram social media on customer engagement, to analyze the influence of customer engagement on purchasing decisions, and to analyze the influence of live streaming shopping on purchasing decisions through customer engagement on Instagram social media. This research was conducted on respondents who have followed and made purchases through live streaming shopping on Instagram social media. This type of research is carried out using explanatory research, with quantitative methods. Furthermore, the data were analyzed using Path Analysis technique or path analysis to determine the direct and indirect effects of the variables studied. This study provides several theoretical and managerial implications for business actors.

Keywords

Instagram; live streaming shopping; customer engagement; purchase decision

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Wang (2015) argues that the flow of information regarding certain changes in the environment influences consumer behavior in a major way towards business. For business actors who are accustomed to using digital media as a marketing tool, the current conditions also create opportunities if based on existing data there is a surge in the use of digital media.

Figure 1. Percentage of Respondents Who Increase the Use of Digital Media during Covid-19

Figure 1. shows that the number of business actors who use social media in running their business has increased during Covid-19, there was a 54% increase in the number of business actors using social media in running their business. Based on the 2021 data report, one of the social media platforms that is widely used in Indonesia in 2021 is Instagram, the survey results show that 86.6% of Indonesians have used Instagram social media. The results of the survey can be seen in the image below.

Source 1: https://wearesocial.com/

Source 2. Social Media Platforms in Indonesia in 2021

Figure 2. The results of the survey

Various digital platforms continue to innovate as a form of solution offered to online business actors. The rise of sales promotions through social media ranging from beauty products, daily necessities, health, hobbies, household equipment and others, is able to provide comfort and convenience for buyers in shopping from home. So that business people are competing to make innovations to stay afloat, one of which is by selling by means of Live Streaming Shopping (LSS). With LSS, business actors are indirectly able to present a shopping atmosphere in front of potential buyers. The existence of a live feature on social media allows business people to offer products in real time, provide detailed
information about products (product knowledge), answer questions from potential buyers or interact with potential buyers for a limited time. Live streaming allows individuals to broadcast video and audio of an event to viewers via the internet in real time (Chen et al., 2019). This is what makes Live Streaming Shopping different because it is more interactive than online shopping which is only served with a product catalog.

The Live Streaming Shopping feature was first present in Indonesia through e-commerce platforms, such as Shopee and Lazada. However, currently LSS is also carried out through social media such as Instagram. Many studies have analyzed LSS on e-commerce platforms, but LSS through social media Instagram is a phenomenon that has just arrived in Indonesia. Based on this, the researcher wants to find out more about how the Live Streaming Shopping platform influences through Instagram social media on Purchase Decisions through Customer Engagement.

II. Review of Literature

2.1 Live Streaming Shopping (LSS)

Live Streaming Shopping (LSS) is considered as the act of a store distributing “real-time” activity videos to promote sales by creating an intimate interaction environment with its customers. LSS has advantages over other online shopping strategies. First, it is difficult for customers to rely on information that comes from static images on a site. Thus, video is an effective method to present the uniqueness of the product to customers (Chen, Yeh, & Chang, 2018). LSS can also provide sight, sound, and movement to convey product information (Yen, 2018), thereby increasing information authenticity and enriching information content (Hsu, Wang, & Chih, 2013). Second, LSS offers live video and text chat rooms simultaneously. Customers can interact with other sellers and customers while watching live videos. Thus, LSS facilitates real-time interactivity between live stream participants.

Regarding live streaming, Lu et al. (2018) revealed that live streaming is different from television advertisements which ask viewers to respond to advertisements by calling, sending SMS, or visiting websites (infomercials), through live streaming viewers can give an assessment of seeing the product live, ask the streamer to show the product from different angles, can see the process of making the item, and ask in detail about the product.

In Live Streaming Shopping, previous research has suggested several attributes of live streaming that affect consumer shopping behavior. Wongkitrungrueng & Assarutt (2018) show that the characteristics of the seller have an influence on customer trust and involvement. Cai et al. (2018) studied how seller's physical attractiveness and seller's interactivity can motivate shopping. Hou et al. (2019) studies how factors such as seller interactivity, seller humor, and seller appeal affect live stream audiences. Sun et al. (2019) shows that the ability of sellers to show products to customers, to respond directly to customer questions, and personally help guide customers in shopping has a positive effect on shopping engagement and purchase intention. Song, C., & Liu, Y. (2021) in their research used streamer's credibility, media richness (the ability of the media to transmit information needs), and Interactivity as stimuli felt by customers (organisms) in influencing purchase intentions in the context of live streaming shopping.
2.2 Customer Engagement

An understanding of customer engagement for business actors is very important, by focusing on the attention of business actors to customers, it will certainly provide a lot of potential for success in business. According to Bhattacharyya (2014) increasing accessibility to individuals through social media mediated by media technology has given companies the opportunity to identify and actively engage with current and potential customers.

According to the Marketing Science Institute (2012) Customer Engagement is defined as the manifestation of customer behavior towards a brand or company beyond purchase, resulting from motivational drivers including: word of mouth activities, recommendations, customer-to-customer interactions, blogging, writing reviews, and other similar activities. Meanwhile, according to So et al. (2014) customer engagement is defined as the customer's personal connection to the brand as manifested in cognitive, affective, and behavioral actions outside of the buying situation. Dessart et al. (2015), mengemukakan dimana terdapat tujuh subdimensi customer engagement, antara lain: (1) Enthusiasm, (2) Enjoyment, (3) Attention, (4) Absorption, (5) Sharing, (6) Learning and (7) Endorsing.

1. Enthusiasm
   Reflecting the level of excitement and intrinsic interest of consumers about the brand, enthusiasm is characterized by a strong feeling of pleasure that is long-lasting and active.

2. Enjoyment
   It is an indication of consumer pleasure and happiness that comes from discoveries and interactions fueled by online brands and their members.

3. Attention
   It is cognitive availability that is voluntarily dedicated to interacting with the online brand community. Attention in live streaming shopping can be defined as the amount of time spent, active and focused on paying attention when following a live shopping broadcast.

4. Absorption
   An indication of the inability to disengage after interacting with the online brand community, absorption in live streaming shopping can be interpreted as being engrossed in the role when watching and participating in live streaming shopping so that they are not aware of the time that has been spent.

5. Sharing
   The social media environment and brand community are very suitable for the development of sharing behavior, based on the exchange of experiences after use, Sharing in live streaming shopping can be in the form of providing recommendations and ideas to service providers, helping other customers to improve the experience and use of the brand which can be manifested through share comments, posts or direct messages.

6. Learning
   This learning refers to seeking help when someone faces a problem, or is dissatisfied with a brand. Searching improves their experience, learns more, or fixes a problem. In live streaming shopping can be manifested by asking questions through comments, posts or direct messages.

7. Endorsing
   The purpose of an endorser is to show approval, for example a consumer acting as a viewer can approve ongoing content activity through live comments. Recommending, or engaging in word of mouth can be manifested on Instagram live streaming shopping via story tags or feed tags.
2.3 Purchase decision

Purchasing decisions are consumer behavior to determine and follow a decision-making process to reach a purchase choice (Erasmus et al., 2001; Howard and Sheth, 2001). Zhang et al. (2020) experimentally verified the impact of Live Video Streaming (LVS) on customers' online purchase intentions and further explored the mechanism of its influence. The results of this study suggest that the LVS strategy is found to be positively related to online purchase intentions. In particular, being able to provide “real-time” communication, immersive interactions, and honest scenarios is highly profitable for sellers.

The purchasing decision process has several models, including the purchase decision model proposed by Nicosia and Mayer in Guan, Z. (2021), namely:

1. Companies communicate with consumers or convey messages in the form of brand and product characteristics, marketing and advertising strategies. Then formed consumer attitudes towards the brand or product.
2. Surveys and evaluation of purchase motivation. Consumers have a demand motive after forming an attitude, and will actively collect and evaluate relevant information about the product of interest.
3. Purchase behavior. Consumers produce motive purchases after conducting surveys and evaluations, then make decisions, and finally consume to complete purchasing behavior. This process may be affected by the quality of goods, prices, services, etc.;
4. Feedback after purchase. After consumers buy and use the product, they will form impressions and product evaluation feedback and store them in the brain, which can influence consumers' buying attitudes and then influence purchasing decisions, or provide valuable information for corporate marketers to improve on the evidence.

Quality of service and product-related satisfaction.

Live Streaming Shopping allows products to be visualized and at the same time makes product presentations highly visible. Customers can also meet their needs for product information instantly to help them make purchasing decisions. Research Clement, et al. (2020) stated that Live Streaming trading influences purchasing decisions.

III. Result and Discussion

This research uses explanatory research. According to Singarimbun (2006) explanatory research is research that explains the causal relationship between research variables through hypothesis testing that has been formulated previously.

The research method in this study is classified as a quantitative method, because the research data is in the form of numbers and the analysis uses statistics. The location of the research was carried out in the territory of Indonesia without a specified place, data collection was carried out by distributing questionnaires using google forms to social media users through live streaming shopping Instagram in Indonesia. Where the respondents' criteria were those who had followed and made purchasing decisions through live streaming shopping on Instagram social media.

The data analysis method used in this study is Path Analysis or path analysis to see the effect of the independent variables on the dependent variables. There are three variables in this study, consisting of one exogenous variable, one endogenous variable consisting of one dependent variable and one variable intervening, the variables are the independent variable, namely the live streaming shopping Instagram variable (X), the intermediary variable is customer engagement (Y) and the dependent variable or resultant variable is the purchase decision (variable Z).

The research model can be described as follows:
H1: Live streaming shopping on Instagram social media has a direct effect on Customer Engagement.
H2: Customer Engagement has a direct effect on Purchase Decisions on Instagram social media.
H3: Live Streaming Shopping on Instagram social media has a direct effect on Purchase decisions.
H4: Live Streaming Shopping on Instagram social media has an indirect effect on Purchase Decisions.

IV. Result and Discussion

4.1 Respondent's Profile
We collected data on 109 respondents who had made a purchase decision through Live Streaming Shopping on Instagram social media. The following is a profile of the respondents in this study:

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woman</td>
<td>84</td>
<td>77.1</td>
</tr>
<tr>
<td>Man</td>
<td>25</td>
<td>22.9</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 - 25 year</td>
<td>64</td>
<td>58.7</td>
</tr>
<tr>
<td>26 - 35 year</td>
<td>26</td>
<td>23.9</td>
</tr>
<tr>
<td>36 - 45 year</td>
<td>17</td>
<td>15.6</td>
</tr>
<tr>
<td>&gt;55 year</td>
<td>2</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Profession</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student/Student</td>
<td>58</td>
<td>53.2</td>
</tr>
<tr>
<td>PNS/Private Employees/BUMN</td>
<td>35</td>
<td>32.1</td>
</tr>
<tr>
<td>Businessman</td>
<td>2</td>
<td>1.8</td>
</tr>
<tr>
<td>Housewife</td>
<td>13</td>
<td>11.9</td>
</tr>
<tr>
<td>Others (not working)</td>
<td>1</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Product Category</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fashion (clothes, bags, shoes)</td>
<td>65</td>
<td>59.6</td>
</tr>
<tr>
<td>Beauty &amp; Health</td>
<td>10</td>
<td>9.17</td>
</tr>
<tr>
<td>Books &amp; Stationery</td>
<td>1</td>
<td>0.9</td>
</tr>
<tr>
<td>Accessories, Hobbies &amp; Collections</td>
<td>13</td>
<td>11.9</td>
</tr>
<tr>
<td>Food &amp; drink</td>
<td>11</td>
<td>10.1</td>
</tr>
<tr>
<td>Electronic</td>
<td>5</td>
<td>4.5</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Data processed by researchers, 2022
In the table above, it can be seen that fashion products are the most sought after by respondents when making purchasing decisions through LSS on Instagram social media. This is in line with a survey from market research firm Ipsos (2022) which showed that 66% of consumers in Southeast Asia had shopped online through the live streaming feature. Where fashion products occupy the top position as the products most purchased by consumers, which is 72%. Furthermore, the data in this study were processed using SPSS to test the validity, reliability, path analysis and research hypotheses, and to measure the direct and indirect effects of each variable.

4.2 The Influence of Live Streaming Shopping (LSS) on Customer Engagement

The first hypothesis (H1) aims to find out the effect of Live Streaming Shopping on Instagram social media on Customer Engagement. The following are the results of data processing for the first time:

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.015</td>
<td>3.464</td>
<td>,870</td>
<td>,386</td>
</tr>
<tr>
<td></td>
<td>Live Streaming Shopping</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.332</td>
<td>,118</td>
<td>,737</td>
<td>11.295</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>,737a</td>
<td>,544</td>
<td>,540</td>
<td>6.03088</td>
</tr>
</tbody>
</table>

By referring to Table 2, it can be seen that the significance value of the Live Streaming Shopping (X) variable, namely X = 0.000 is smaller than 0.05, then H1 is accepted. These results can be interpreted as having a significant direct effect between Live Streaming Shopping (X) on Customer Engagement (Y).

The results of the t-test statistics for the Live Streaming Shopping (X) variable obtained a t-count value of 11.295 with a t-table of 1.984. This result shows tcount ttable, then H1 is accepted. The results of the significance test with the t test can be concluded that there is a significant direct effect between Live Streaming Shopping (X) on customer engagement (Y).

Based on the results of the R-Square test, it was found that Live Streaming Shopping (LSS) on Instagram social media has a significant influence on Customer Engagement and has a contribution of 54.4% influence, while the remaining 45.6% is influenced by other variables not included in this study. shopping as an alternative strategy for business actors to increase engagement with consumers.
Through live streaming shopping, sellers and consumers can interact directly. This makes consumers feel close to the seller, because they can ask directly about the product they want to buy and the seller will answer directly during live streaming. In addition, based on research results, as many as 70% of respondents stated that LSS is a fun shopping activity. LSS is considered as entertainment for online consumers. By creating attractive live streaming conditions, consumers will feel more and more interested in following the LSS. That way, the level of engagement with consumers can increase.

4.3 The Influence of Customer Engagement on Purchase Decision

The second hypothesis (H2) aims to find out the direct influence of Customer Engagement on purchasing decisions.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.308</td>
<td>1.786</td>
<td>1.852</td>
</tr>
<tr>
<td></td>
<td>Live Streaming Shopping</td>
<td>.129</td>
<td>.090</td>
<td>.099</td>
</tr>
<tr>
<td></td>
<td>Instagram</td>
<td>.581</td>
<td>.050</td>
<td>.803</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Purchase decision

Source: SPSS Processing Results, 2022

Looking at Table 4, it can be seen that the significance value of the customer engagement variable (Y), namely Y = 0.000 is smaller than 0.05, then H2 is accepted. These results can be interpreted as having a significant direct influence between customer engagement (Y) on purchasing decisions (Z).

The statistical results of the t-test for the customer engagement variable (Y) obtained a t-count value of 11.697 with a t-table of 1.984. This result shows tcount > ttable, then H2 is accepted. The results of the significance test with the t-test can be concluded that there is a significant direct effect between customer engagement (Y) on purchasing decisions (Z).

Customer engagement has a significant direct effect on purchasing decisions with a path coefficient value of 0.803. This means, increasing customer engagement is an important thing that must be considered by business actors in order to make purchasing decisions by consumers. The better the communication and interaction with consumers, the more purchasing decisions made by consumers will be.

Instagram social media has an important role in increasing engagement with online consumers. If the relationship with consumers can be established well, then the potential for consumers to make repeat purchases will be even greater.

4.4 The Influence of Live Streaming Shopping on Purchase Decision

The third hypothesis (H3) aims to determine the direct influence of Instagram's live streaming shopping on purchasing decisions. By referring to Table 4, it can be seen that the significance value of the live streaming shopping variable (X), namely X = 0.152 is greater than 0.05, then H2 rejected. These results can be interpreted that there is no significant direct effect between live streaming shopping (X) on purchasing decisions (Z).

Furthermore, the results of the t-test statistics are in Table 4. For the Live Streaming Shopping (X) variable, the t-count value is 1.443 with t-table is 1.984. This result shows
tcount ttable, then H2 is rejected. The results of the significance test with the t test can be concluded that there is no significant direct effect between live streaming shopping (X) on customer engagement (Y).

4.5 The Influence of Live Streaming Shopping on Purchase Decisions through Customer Engagement

The fourth hypothesis (H4) aims to determine the indirect effect of Instagram's live streaming shopping on purchasing decisions through customer engagement.

By looking at Figure 4, then we get $y_X z_Y = 0.737 \times 0.803 = 0.591$, meaning that the indirect effect of live streaming Instagram shopping on purchasing decisions through customer engagement is 0.591 or 59.1%. Then the total effect (total effect), namely direct influence + indirect effect = 0.099 + 0.591 = 0.69. Thus the total influence of the live streaming shopping Instagram variable on purchasing decisions through customer engagement is 69%.

Based on Figure 4, it is known that the direct effect of X on Z ($\rho_{zx}$) is 0.099; the indirect effect of X on Z through Y is the product of $y_X z_Y = 0.737 \times 0.803 = 0.591$. From these results it is known that the value of indirect influence (0.591) is greater than the value of direct influence (0.099), these results indicate that there is a significant indirect effect between live streaming shopping (X) on purchasing decisions (Z) through customer engagement (Y)., thus H4 is accepted.

During Live Streaming Shopping, consumers can get more detailed and complete information about the product to be purchased. Because the seller (streamer) can show the product display clearly and more clearly than just looking at photo catalogs in other media. Consumers feel like they are shopping directly, thus making consumers more confident to make a decision to buy the product during LSS.
V. Conclusion

It is important for business actors to identify which marketing strategies can attract customers given the tight business competition in the digital era. This study explores whether and how Live Streaming Shopping can influence online purchasing decisions through Customer Engagement on Instagram social media. First, LSS has a significant influence on Customer Engagement. Second, Customer Engagement has a significant influence on purchasing decisions. Third, LSS has no direct influence on purchasing decisions. However, LSS has a significant influence on purchasing decisions through Customer Engagement indirectly.

Implications

This study contributes to the literature on research on Live Streaming Shopping on Instagram social media. In addition, the results of this study also have several important implications for business actors or marketers. First, we prove that Live Streaming Shopping through Instagram social media is an effective strategy for online businesses to increase consumer involvement in an effort to make online consumer purchasing decisions. LSS is a solution to the behavior of online consumers who tend to have a sense of uncertainty about the products they will buy. Because consumers can feel like shopping directly through LSS, namely by interacting directly with sellers, and seeing the products they want to buy in real-time and more clearly.

Second, business actors or marketers must aim to attract the attention of customers to increase customer involvement by establishing good communication, becoming a seller (streamer) who can entertain and provide information about the product in great detail, one of which is by demonstrating the use of the product. That way, consumers will be more confident to make a decision to buy the product.

References


Telecommunications Society (ITS), Calgary.