

A Study on the Factors Influencing Consumer Purchase Decision Under the Live-Streaming Sales Model

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Abstract: In recent years, with the rapid development and popularization of Internet information technology, many new media platforms have risen rapidly, and major e-commerce companies have begun to explore the mode of live-streaming. Especially during the COVID-19 pandemic, due to the lockdown, live-streaming has become an important means of economic development in many places. Owing to its remarkable characteristics of timeliness, entertainment, and interactivity, it has become the latest and trendiest sales mode of e-commerce channels, reflecting huge economic potential and commercial value. This article analyzes two models and their characteristics of live-streaming sales from a practical perspective. Based on this, it outlines consumer purchasing decisions and the factors that affect consumer purchasing decisions under the live-streaming sales model. Finally, it discusses targeted suggestions for using the live-streaming sales model to expand the consumer market, hoping to promote the healthy and steady development of the live-streaming sales industry.

Keywords: Live streaming sales model; Consumers; Purchase decisions; Influencing factors

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1. Introduction

In recent years, with the rapid development of information technology, big data technology, mobile internet technology, Internet of Things technology, cloud computing technology, and artificial intelligence technology have been widely applied. In this context, the country has clearly stated the need to promote the deep integration of “Big Smart Cloud” and physical enterprises, fully leveraging the empowering advantages of digital technology in various industries. Online live-streaming marketing, as an emerging method in the era of “big intelligence moving cloud,” caters to the personalized needs of consumers, enhancing their technological and shopping experiences. Its unique high interactivity contributes to strong customer stickiness. According to relevant statistical data, since the launch of Taobao Live in 2016, there has been a rapid wave of industry development. By the end of 2023, the market size of live broadcast e-commerce increased more than 10 times,

reaching about 5 trillion yuan. Among them, many online celebrities have emerged, such as Li Jiaqi on Taobao.com, Xiao Yang on Tiaoyin.com, and Ge Simba on Kwai. These online goods experts have more than tens of millions of fans, and the number of sales generated is astonishing. At the same time, the number of complaints and reports related to live-streaming sales has been increasing year by year, with a growth rate of up to 47.1 times. Therefore, analyzing the factors that affect consumer purchasing decisions under the live-streaming sales model and exploring how to better utilize the live-streaming sales model to expand the consumer market is of great practical significance and value.

2. Analysis of the mode and characteristics of e-commerce live-streaming with goods

2.1. Analysis of the mode of e-commerce live-streaming with goods

Currently, in China, there are two common modes of e-commerce live streaming. The first involves partnerships between sales enterprises and online live-streaming platforms. Here, platforms use their influence to attract traffic, while anchors promote sales, driving product growth. This method offers advantages in resource sharing, aiding in precise marketing and drawing consumers to e-commerce platforms, thus enhancing efficiency. The second mode sees e-commerce companies directly buying goods from manufacturers at low prices and streaming through their platforms. For example, Taobao has dedicated live-streaming rooms for different product categories. This setup lets consumers choose products based on preferences and showcases the benefits of live-streaming sales, making it appealing to self-operated businesses and advertisers. In practice, platforms often invite celebrities and experts to assist, ensuring accurate product displays and engaging real-time interaction. This personalized approach meets consumer needs and expands influence. Moreover, the continuous promotion of this model has led to popular anchors, with millions of fans, creating their fan communities and driving e-commerce growth. This trend has attracted more celebrities to the live-streaming sales industry ^[1].

2.2. Analysis of the characteristics of e-commerce live streaming sales

The characteristics of e-commerce live streaming sales are mainly reflected in four aspects.

(1) Extensive information dissemination

At present, live streaming sales have achieved process videoization in marketing, and live content can be edited into short videos, which can be displayed on short video platforms. Currently, the number of short video platform users in China has reached nearly 1.1 billion, accounting for more than 95% of the total number of internet users. Users can easily access these promotional short videos when browsing videos. Therefore, the scope of live-streaming information dissemination is very wide.

(2) Precise marketing positioning

When e-commerce platforms carry out live streaming sales, they often use big data technology to analyze consumers, classify sales products based on the analysis results, and implement precise marketing strategies for specific target customer groups, that is, targeted promotion of product information that they are interested in. Consumers often enter live streaming rooms based on their interests and preferences, which in turn stimulates their desire to purchase.

(3) Vivid on-site experience

Livestreaming sales have the characteristics of visualization and real-time interaction. In the process of livestreaming sales, the host can comprehensively showcase the performance and characteristics of the product to consumers. Consumers can also interact with the host by online verbal communications or by sending pop-up comments, allowing them to obtain various information about a certain item in

real time and understand its characteristics and uses. This vivid on-site experience significantly reduces consumer decision-making costs.

(4) Low marketing costs

Compared to traditional marketing models, e-commerce live-streaming sales do not require extensive promotional materials such as marketing posters. Moreover, the content of live streaming can be edited and converted into short videos, which can form secondary consumption. This greatly reduces the cost of product promotion ^[2].

3. Overview of consumer purchasing decisions

Consumer purchasing decision refers to the process in which consumers evaluate the brand, performance, and service attributes of a product, and then selectively purchase products that can meet their specific needs. Generally speaking, the process of consumer purchasing decisions goes through five stages: the first stage is to confirm the need, that is, consumers feel that their shopping needs have not been met, thus generating a shopping need. The second stage is to collect information. In this stage, consumers obtain corresponding data on the item through surveys. The third stage is scheme evaluation. After consumers gather information about playing with products on their mobile phones, they summarize and integrate the collected information, and based on this, develop corresponding purchasing plans. The fourth stage is the purchase decision. After specifying a variety of purchasing options, consumers choose the most cost-effective option to execute their purchasing behavior. The fifth stage is post-purchase evaluation. In this stage, consumers evaluate the performance of the purchased goods and their purchasing behavior after receiving and using them ^[3].

4. Analysis of factors influencing consumer purchasing decisions under the live-streaming sales model

4.1. Opinion leaders

In the live-streaming sales model, consumers' purchasing intentions and behaviors are largely influenced by opinion leaders. The opinion leader here is a sales anchor. In actual live streaming, live streaming hosts showcase the performance of products themselves and interact with consumers in real-time, allowing consumers to fully understand the performance and characteristics of the product. Based on trust in the host, consumers, guided by their specific language and action skills, especially under the influence of the atmosphere group in the live broadcast room, will make passionate purchasing decisions.

4.2. Celebrity effect

In the live-streaming sales model, the celebrity effect is also one of the important factors affecting consumer purchasing decisions. Stars are influential figures in a certain field, and they all have a massive fan base. Bringing a celebrity into a live broadcast room will attract an influx of fans, significantly enhancing the product's visibility and achieving rapid information flow, thereby increasing sales. For example, during the "Tiktok Queen's Day," non-stars brought goods with the highest sales volume of about 80 million yuan, while stars brought goods with a sales volume of products exceeding the 100 million yuan mark. It can be seen that the celebrity effect has enormous traffic value and can directly affect consumer purchasing decisions ^[4].

4.3. Product brand

In the live-streaming sales model, the influence of product brands is also one of the important influencing

factors for consumer purchasing decisions. In real life, consumers are often enthusiastic about products from big brands, and the higher the brand awareness of a product, the better its sales. In the live-streaming sales mode, this is also the case. Many consumers, while watching live broadcasts, will have a stronger desire to purchase the large brand products recommended by the anchor, which in turn will strengthen their purchasing behavior.

4.4. Content packaging

In the live-streaming sales model, the content and packaging of products recommended by the anchor are crucial factors influencing consumer purchasing decisions. Most consumers, when watching live-streaming sales, first notice the product's outer packaging. If the packaging does not make a strong impression, they are unlikely to desire the product. However, if the packaging captivates them, they will then pay attention to the product's content. If the features and performance do not meet their expectations, they may choose not to purchase or may return or exchange the product if it disappoints them post-purchase. Therefore, in the live-streaming sales model, consumers often decide to buy products with appealing content and packaging due to the "first-cause effect."

4.5. Discounts

In the live-streaming sales model, the discounts offered by anchors on recommended products significantly influence consumer purchasing decisions. Typically, many live-streaming e-commerce hosts negotiate with product merchants to provide strong discounts that attract consumers. The prices set in the product links are often lower than the offline prices, and hosts also offer discount coupons and other incentives to draw in buyers. For example, film and television star Jia Nailiang often personally negotiates with merchants during live broadcasts to secure much lower prices than offline, passing the savings on to consumers. During events like Tmall's 11-11, the platform provides numerous coupons to entice shoppers. Consumers often combine these coupons across stores to maximize discounts. This powerful discount strategy greatly stimulates consumer purchasing desire and significantly increases product transactions.

4.6. Value content

In the live-streaming sales model, the value content of a product is a key factor influencing consumer purchasing decisions. According to the theory of consumer value, consumers perceive the value content of a product and evaluate its overall attributes during their experience. When they determine that the product is cost-effective, a positive feedback loop is created. In the context of live-streaming sales, when consumers realize through the anchor that a product offers high cost-effectiveness after purchasing, their loyalty to both the anchor and the brand increases. This leads to continued following of the anchor and future purchases of the brand's products ^[5].

5. Suggestions for using live-streaming sales model to expand the consumer market

5.1. Improving the quality of products on sale

Currently, to effectively use the live-streaming sales model to expand the consumer market and develop the sinking market, the first step is to improve the quality of the products being sold. In the live-streaming sales industry, products are at the core of development. Therefore, anchors must focus on product quality during their streams, opting for well-known big brands whenever possible. For smaller anchors who may not have access to big brands, it is crucial to select merchants that guarantee high product quality. Ensuring the quality of the products being sold is essential for gaining consumer trust and attracting a larger audience.

5.2. Improving the comprehensive quality of anchors

In the process of live-streaming sales, the personal abilities and qualities of the anchor directly influence consumer purchasing decisions. To better develop the live-streaming market, it is essential to enhance the comprehensive quality of anchors. Practically, live streaming platforms should enforce strict entry thresholds for broadcasters and establish robust responsibility and integrity evaluation mechanisms for live streaming sales behavior. They must vigorously punish illegal activities such as false advertising. Additionally, platforms should organize regular education and training sessions for broadcasters to effectively improve their personal qualities, fully leverage their role as opinion leaders, and boost product sales.

5.3. Reasonably utilizing the celebrity effect

In the live-streaming sales model, effectively developing the consumer market requires leveraging the celebrity effect judiciously. E-commerce live streaming platforms should use big data technology to thoroughly evaluate the “credibility” of celebrities before inviting them. This involves analyzing the alignment between the celebrities’ image and the main products, ensuring their suitability for the live broadcast sales mode. By doing so, platforms can better attract consumers and maximize the conversion rate from celebrity influence to consumer purchasing behavior, thereby achieving a “win-win” situation.

5.4. Standardizing the order of the live-streaming industry

With the rapid development of the live-streaming industry, competition has intensified, leading many small anchors to follow popular trends, resulting in serious homogenization and a rise in consumer complaints due to the promotion of subpar products. To address these issues and foster a healthier consumer market, it is essential to regulate the live-streaming industry. Government authorities should enhance the review of e-commerce platforms’ business qualifications and strengthen the supervision of live streaming rooms on certified platforms to elevate industry entry thresholds. Immediate and stringent actions should be taken against illegal practices like false advertising to promote the standardized development of the e-commerce live-streaming sector and better protect consumer rights and public interests ^[6].

5.5. Guiding consumers to establish a correct consumption concept

In addition to implementing regulatory measures, it’s crucial to guide consumers in cultivating a responsible consumption mindset and adopting healthy purchasing habits. Consumers should exercise rational thinking during live streaming sales, making informed and considered purchases rather than succumbing to impulse buying. Furthermore, consumers must be proactive in safeguarding their rights and interests. If they encounter counterfeit or substandard products during live shopping, they should promptly report the issue to the platform and utilize legal channels to protect their rights, thereby contributing to the sustainable development of the live shopping model.

6. Conclusion

With the continuous advancement of Internet technology, e-commerce live streaming has emerged as a vital sales channel for many businesses. However, consumers are often swayed by various factors like influencers, celebrity endorsements, brand reputation, content presentation, discounts, and perceived value, leading to impulsive buying behavior. To foster the healthy growth of the live streaming industry and fully exploit the consumer market’s potential, it’s imperative to focus on several key areas. This includes improving the quality of products offered, enhancing the skills and professionalism of anchors, leveraging celebrity endorsements

effectively, enforcing regulations to maintain industry integrity, and educating consumers on responsible consumption practices. By addressing these aspects, e-commerce platforms, merchants, anchors, and consumers can all benefit, resulting in a mutually beneficial ecosystem for all stakeholders.

Disclosure statement

The authors declare no conflict of interest.

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