

# *The Impact of E-commerce Livestreaming on the Purchasing Behavior of Chinese Nationals*

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**Abstract:** The onset of COVID-19 in December 2019 dealt a devastating blow to offline consumption. However, it also accelerated the emergence of certain phenomena, including the rapid rise of the e-commerce livestreaming. This represents an innovative exploration of market operations and profit models using new network media. E-commerce live-streaming content aims to convert live video viewers into online store buyers. The main purpose of e-commerce livestreaming is to convert viewers into online store buyers and promote product sales. During the live-streaming process, hosts showcase and introduce products, demonstrate their usage, answer viewers' questions, and enhance their awareness and desire to purchase, thereby achieving promotional goals. In addition, through live streaming interactions and creating a good user experience, e-commerce platforms, and brands can increase user loyalty and brand awareness, and improve market share, and competitiveness. Therefore, e-commerce livestreaming has become an important component of marketing strategies for major e-commerce platforms and brands. However, previous literature pertaining to social media has predominantly focused on issues such as the adoption of social media, user engagement, knowledge contribution, as well as the utilization of social media as a marketing intelligence tool by businesses. There are few discussions about the direct or indirect impact of this content on consumer behavior. This article analyzes the impact of e-commerce livestreaming on the purchasing behavior of Chinese nationals and infers the reasons for the conversion, focusing on one of the more intuitive consumption phenomena.

**Keywords:** e-commerce livestreaming, new consumption model, purchasing behavior

## 1. Introduction

Currently, many e-commerce platforms and brands have increased their investment in e-commerce livestreaming and obtained considerable profits through live streaming sales. In 2021, various e-commerce and short video platforms will continue to vigorously promote the "short video + e-commerce + live streaming" model. TikTok boasts over 700 million daily active users, while KuaiShou has over 400 million [1]. These mainstream short video platforms not only attract users but also monetize e-commerce through their strong traffic. Despite the paralysis caused by COVID-19 on the world economy, e-commerce live-streaming spending jumped to \$129 billion in 2020, satisfying the desire to shop online while people were stuck at home (iiMedia Research 2020). The

e-commerce livestreaming industry has not yet reached saturation in 2021. The integration of content platforms and e-commerce transactions is deepening, providing ample space for the continued advancement of e-commerce live streaming and the maintenance of a relatively high growth trend in the future. Currently, short video e-commerce livestreaming is widely used in China as a product promotion method, with major e-commerce streaming media platforms such as TikTok (China) having the largest C-end traffic. According to the 2020 TikTok big data report released by Byte Dance, TikTok has over 250 million daily active users, and domestic monthly active users have exceeded 500 million [2]. TikTok's total e-commerce transactions last year reached \$208 billion, a 76% increase from 2020. Additionally, its GMV in Southeast Asia more than tripled to \$4.4 billion last year (The Information 2022). Therefore, e-commerce livestreaming may become a trend in the future and further change people's purchasing habits. The enormous numbers in e-commerce live-streaming sales raise the question of how many people have abandoned traditional consumption methods due to this emerging trend. To address this question, this study will analyze the advantages and disadvantages of e-commerce livestreaming in China, and the impact of combining it with streaming software to potentially change Chinese consumption behavior.

## **2. E-commerce Livestreaming**

### **2.1. The Origin**

The rise of e-commerce livestreaming as a popular way to shop online is well-documented and largely influenced by current social phenomena. Here the impact of the COVID-19 pandemic has to be mentioned again, which has significantly accelerated the shift towards online shopping. With physical stores and traditional retail models disrupted by lockdowns and social distancing measures, consumers have had to rely more heavily on e-commerce platforms to purchase goods. Those platforms provide an ideal space for e-commerce livestreaming, as they provide an engaged audience that is already familiar with interactive video content. The growing popularity of short-form video content and social media platforms have emerged as a significant contributing factor to the rise of e-commerce livestreaming. With the exponential increase in users on these platforms, there has been a concurrent growth in the number of Key Opinion Leaders (KOLs) and Key Opinion Consumers (KOCs) who have amassed a substantial following and wielded their influence to drive sales and promote products. The growing number of participants in e-commerce livestreaming events can be attributed to the significant influence of Key Opinion Leaders (KOLs) and Key Opinion Consumers (KOCs), who act as catalysts for its popularity. Acknowledging their influence, various industries have forged partnerships with KOLs and KOCs to widen their reach and establish consumer confidence, thereby contributing to the sustained growth of e-commerce livestreaming. Moreover, the advent and propagation of e-commerce livestreaming can be attributed to technological progressions in recent years, specifically the augmenting accessibility of high-speed internet, the ubiquitous usage of mobile devices, and the assimilation of digital payment systems. These technological innovations have greatly simplified the process of consumer participation in live events, enabled uninterrupted and smooth consumption of content on mobile devices, and facilitated secure, hassle-free online shopping experiences.

### **2.2. Prevalence and Growth**

According to Kats' 2017 findings, 48% of American Internet users watched live streaming on a weekly basis in 2017. Likewise, according to the 2018 report by the China Internet Network Information Center (CNNIC), the number of live-streaming users in China had surged to 422 million, constituting more than 50% of the country's total internet user population [3], which makes e-commerce livestreaming possible. Quickly gain attention and popularity in the market. In addition,

e-commerce platforms and social media applications are constantly improving their technology to provide faster and more efficient services to meet consumers' needs. Secondly, consumers' consumption concepts have changed, which is also one of the reasons for the rapid growth of e-commerce livestreaming. Modern consumers pay more and more attention to personalization, convenience and experience. Therefore, e-commerce livestreaming provides a new way of shopping. Consumers can buy their favorite products while watching live broadcasts, so as to obtain a more convenient and efficient shopping experience. This shopping method not only allows consumers to enjoy a more relaxed shopping experience but also provides consumers with more shopping choices, making it easier for consumers to find the products they need. China's 'live streaming retail' is already providing significant support for growth in this sector, with live commerce in China expected to generate 98 billion pounds in 2020 alone [4]. For other countries that have experienced covid-19, the sales model of live retail is also being adopted by small and medium-sized enterprises. In the UK, for example, SMEs have been suffering significant losses in terms of sales and engagement due to platform restrictions and regional restrictions. Therefore, commercial activities such as retailing using live broadcasting have become a new option [5], which can get rid of the platform and geographical restrictions, thereby bringing more profits to small and medium-sized enterprises. According to Ericsson's research on live broadcasting, incorporating live streaming functions into social media platforms like Facebook and Twitter could simplify the process for consumers to view live videos created by both professionals and other users. The proportion of smartphone users utilizing live streaming apps may increase by threefold in the U.S. and double in South Korea, contingent upon consumer demand [6].

### **3. Advantages of E-commerce Livestreaming**

The "short video + e-commerce + live streaming" model has become a revolution in the industry, changing both consumer behavior and business operations. In this section, we will primarily focus on the changes brought about by e-commerce livestreaming for both merchants and consumers. However, the specific factors that influence consumers' purchasing behavior during live streaming will be discussed in detail later. E-commerce livestreaming has revolutionized the traditional e-commerce model, providing an interactive and engaging platform for both merchants and consumers.

#### **3.1. Lower Costs**

Compared to physical stores and traditional e-commerce platforms, live streaming can significantly lower costs such as rent, labor, and logistics. For merchants, the convenience showed in space, a small room that is less than 20 square meters can replace the enormous rental costs of a high-end shopping mall. This is particularly appealing to small and medium-sized enterprises that can operate with just 3-5 staff members and a few live-streaming operators. In terms of time, online live streaming never "closes" due to time restrictions, unlike physical stores. This means shops can remain open throughout the day. In addition, businesses do not need to re-explain already launched products to new customers. Consumers can simply click on the links of previous products to access all the information they need.

#### **3.2. Enhanced Shopping Experience**

E-commerce Livestreaming upgrades the traditional online shopping experience to an online interactive live shopping experience. Consumers can directly interact with the host while watching the live streaming and get more realistic product display and usage effects. From the perspective of consumers, the built-in search engine in the live streaming software saves time and cost in finding desired products, especially for middle-aged and elderly users who can easily obtain relevant products in just a few clicks. The utilization of a concise and unambiguous slogan can significantly reduce

transaction costs for consumers. Compared to the intricate introduction and overwhelming homepage promotions of traditional e-commerce platforms, the live streaming mode is more attractive to potential customers of all ages.

## **4. Disadvantages of E-commerce Livestreaming**

### **4.1. Consumption Impact**

Live bloggers make consumers addicted through interactive communication with people and eloquent eloquence, and consumers will involuntarily want to satisfy their shopping desires. It has been a long time since to develop the habit of not stopping consumption. Some people have become shopaholics because of the discounts in the live broadcast room. It makes people rely on shopping to fill the emptiness in their hearts. However, credit card limits appear and wallets are emptied. Some children even secretly use their parents' credit cards to spend.

### **4.2. Impulse Buying**

Nowadays, many bloggers use limited quantities and purchase countdowns to make people rush to buy products, and the atmosphere in the live broadcast room drives consumers' emotions. But consumers did not consider whether they really need the product. They are just obsessed with competing with others, without thinking about the practicality and price of the goods. So many people found out that they didn't need this product at all after buying it, and they bought it on impulse at that time. They end up regretting the purchase or throwing away the item. Such behavior is very wasteful and pollutes the environment and the earth.

### **4.3. Shoddy Version**

Now there are all kinds of products online, from videos and pictures to people's eyes, plus exquisite packaging. People place orders because of this, but many consumers find that the goods are not the right version at all, and the comparison between the picture and the real thing is too different. However, it is more troublesome to return the goods. The stalemate between consumers and merchants eventually turned into a quarrel. If people who are online consumers for the first time encounter this kind of situation, then it is very likely that they will lose confidence in the delivery of short video live broadcasts, and thus make a decision not to buy in the future.

### **4.4. Product Plagiarism and Flood of Fake Products**

Nowadays, with the development of Internet media, there are also problems of plagiarism in short videos and products, and it is so serious that it involves the law. Plagiarists do not respect original designs and sell original works and inspirations at low prices, causing social disorder. Secondly, many times people buy because they see that the product is much cheaper than the original price, and there are anchors explaining it, but they don't know that they have bought a fake product. Taking food as an example, consumers buy inferior imitation food and need to go to the hospital for treatment.

### **4.5. Live Broadcast of Vulgar and Exaggerated Behavior**

In order to attract consumers, some live broadcast platforms do not hesitate to say vulgar and rant behaviors to bring goods. If this behavior is seen by minors, they are likely to follow suit and teach children badly. If more people buy and give rewards because of this, then other anchors will follow suit and will extend to affect social education.

## **5. E-commerce Livestreaming in China**

### **5.1. Current Situation**

Live commerce is indeed transforming the e-commerce industry in China. The data and examples provided demonstrate that live commerce has become a powerful tool for brands and merchants to engage with consumers, increase their visibility, and boost sales. The popularity of live-streaming e-commerce among Chinese consumers further supports the argument that it is transforming the e-commerce industry. PwC China found that over 50% of Chinese consumers have made a purchase through live-streaming e-commerce, and nearly 80% of them are willing to buy products recommended by influencers during live-streaming sessions. This shows that consumers are increasingly looking for a more personalized and authentic shopping experience, which live commerce provides through the ability to interact with the merchant and influencers in real time.

### **5.2. Integration and Transformation**

Integration of live-streaming e-commerce with social media platforms further reinforces the argument that it is transforming the e-commerce industry in China. Break through time and space constraints, create a refined live e-commerce marketing system of "private domain + retail + full scene" for consumers. By integrating a three-dimensional environment, offering preferential prices, providing diverse product options, offering fast payment methods, and convenient logistics services, this model creates a strong sense of presence for consumers, thereby stimulating their willingness to make purchases and driving product sales to achieve substantial profits [7]. Major social media platforms in China, such as WeChat, Douyin, and KuaiShou, have all integrated live-streaming e-commerce into their platforms, making it easier for merchants to reach a wider audience and for consumers to make purchases directly within the app. This integration blurs the lines between social media, entertainment, and e-commerce, creating a seamless shopping experience for consumers and opening up new opportunities for brands and merchants to engage with their customers.

### **5.3. Industrial Impact**

The impact of live-streaming e-commerce on sales is another key factor in its transformative effect on the e-commerce industry. Several brands and merchants in China have reported significant increases in sales through live-streaming e-commerce. For example, the Chinese beauty brand Perfect Diary reportedly sold over 15 million products in a single live-streaming session, and the clothing brand Heilan Home generated over 120 million yuan (about 18.5 million US dollars) in sales during a 4-hour live-streaming event. This shows that live commerce is not just a marketing tool, but also a highly effective sales channel for brands and merchants.

## **6. Factors that Promote Consumption Behavior**

### **6.1. Host Influence**

Hosts or Key Opinion Leaders (KOLs) have a significant impact on consumer behavior during e-commerce livestreaming. Their credibility, expertise, and likeability can influence consumers' purchase decisions.

### **6.2. Interactive Features**

Users who have used short video software have the same feeling, that is, they are tired of the harassment of people by personalized advertisements and push notifications, but live broadcast

delivery is a good way to avoid this point. First, start from the senses to attract potential customers to make consumption behaviors. The words and expressions of live broadcast anchors are usually very "exaggerated". When users are attracted to click into the live broadcast room, the first thing that catches the eye is not the product but the coupons full on the screen, there is already a subconsciously good feeling. At the same time, short video software provides functions that allow various types of anchors to interact with audiences. This way of interaction increases consumer trust and participation at the consumer level. The exchange of information between merchants and consumers based on individual needs, coupled with the provision of additional customer service, enables consumers to obtain appropriate information about products and enjoy a pleasant shopping experience, leading to increased willingness to purchase on the platform. Acting as intermediaries between merchants and consumers, anchors utilize their independent identity to enhance consumers' shopping awareness and persuade them to make online shopping decisions [8]. Therefore, compared with the traditional retail industry, live streaming has created a new mechanism of consumer trust and participation [9]. For example, viewers can submit messages at any time in the chat function, which allows viewers to request more details about product anchor descriptions. More importantly, the audience also has important interactions among themselves and can see product evaluations and transaction amounts in real-time, creating a community-like atmosphere and promoting an atmosphere of realistic physical discussions where multiple people shop together. The audience's sense of immersion and quasi-social interaction is positively affected by the interaction orientation of the anchor, leading to an increase in the audience's purchase intention. The expertise of the anchor plays an active role in moderating the impact of their interaction orientation on audience immersion and parasocial interaction. [10]. From the perspective of information symmetry in economics, this undoubtedly provides more information "perspective" to customers who already have relatively little information, and further increases the possibility of consumers making the final purchase.

### **6.3. Product Quality and Reviews**

Consumers' purchase decisions are also influenced by the quality of the product and reviews from previous buyers. E-commerce livestreaming provides consumers with the opportunity to interact with the product and the host in real-time, allowing them to make more informed purchase decisions.

### **6.4. Platform and Technical Issues**

Technical issues, such as poor video quality or lagging, can negatively impact consumer behavior during e-commerce livestreaming. Similarly, the reputation and reliability of the platform can also influence consumers' willingness to make purchases during the livestream.

## **7. Conclusion**

In summary, this research article explores the rapidly growing phenomenon of e-commerce livestreaming and its profound influence on the purchasing behavior of Chinese nationals. As live streaming has emerged as a powerful marketing strategy in China, it is crucial to understand its effectiveness in converting viewers into online store buyers and promoting product sales. The study analyzes the role of livestream hosts in demonstrating product utility, addressing viewer inquiries, and fostering awareness and purchase intent. It reveals that e-commerce livestreaming has been successful in enhancing user loyalty, brand awareness, market share, and competitiveness for e-commerce platforms and brands. However, there remains a lack of research on the direct and indirect consequences of this innovative approach to consumer behavior. To fill this void, the article explores the fundamental factors that have led to the triumph of e-commerce livestreaming as a marketing tactic. It highlights the importance of creating interactive experiences, offering personalized

recommendations, and leveraging social influences in driving consumer engagement and purchasing decisions. Additionally, the study identifies potential challenges and areas for improvement, such as streamlining the purchasing process, addressing consumer concerns, and ensuring the quality and authenticity of products and content. The article provides valuable insights and informs future development and optimization efforts within this rapidly evolving industry. The findings contribute to the broader discourse on e-commerce marketing strategies and suggest potential avenues for further research and innovation in the realm of live-streaming commerce.

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