

## Chapter 8

# Live Streaming Meets Online Shopping in the Connected World: Interactive Social Video in Online Marketplace

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### **ABSTRACT**

*With the increased usage of live stream video, this chapter examined consumer product learning process in using it as a platform to shop online. Live stream video has been utilized to show and demonstrate product specifications and information. By depending on it, the prospective consumer uses the interactive videos to help them make purchase decision. However, the extent of the social live video in promoting the product knowledge is not examined yet. Hence, there is a need to examine the power of social live video in enhancing customer learning during the shopping. The main objective is to understand how the act of live streaming may change the viewer impression towards a brand or product. Secondly, the authors also investigate the subsequent knowledge gained by watching the live stream footage and how could it exert influence on product purchase. This study developed an integrative framework by combining the theories of relative advantage and absorptive capacity to examine the underlying factors in the use of social live stream video.*

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## INTRODUCTION

There has been an exponential growth of video applications (apps) as seen on social media and altered the way businesses conducted online (Todd & Melancon, 2018). This provides a new opportunities as well as challenges to businesses and consumers. Companies are getting aware of the benefits of social media marketing as a tool in communicating with target customers (Ashley & Tuten, 2015; Felix, Rauschnabel, & Hinsch, 2017; A. J. Kim & Ko, 2012). Furthermore, social media also engages people much more intimately, while interactive videos aid in a much better communication in social commerce. The contents shared and even co-created by its followers via social media networks.

Traditional online business models are slowing losing its edge as consumers advance to social media spaces, while more and more people prefer to learn about products from social media (L. F. Lee, Hutton, & Shu, 2015; Xia Wang, Yu, & Wei, 2012). This is because social commerce has high trustworthiness as data gained from reliable sources. This has prompted online retailers to revise marketing efforts and plan to make full use of social media for promotional purposes. Having said that, the technological tools and applications are often in revolutionary basis. Evidently, video marketing as combined with social media, spawning a new technology to attract the consumers. Social media players such as “Vloggers” seem to influence the brand perception for luxury brands (J. E. Lee & Watkins, 2016). Consumer attitudes and intentions towards user-generated product content on Youtube is prolific (Harris, Kelly, & Wyatt, 2014). Live streaming became the digital social video platform, eroding the shares used to belong to blogs and social posts while video’s can obtain more exposure as compared to texts, images or the combination of both. This prompts more innovative retailers to jump on this new idea and set up their own live stream channels. Hence, this is an indication on the importance of live streaming in marketing strategies for today’s connected marketplace.

Livestream is source of credibility because consumers engage in real time basis with the streamers, and motivated consumers to pay more attention to the promoted product (Todd & Melancon, 2018). Apparently, live stream is used by small retailers in having a closer relationship with customers of the social commerce diaspora. Furthermore, the knowledge obtained from the closer engagement was useful in helping consumers make a purchase decision (Xia Wang et al., 2012). Thus, we identify the importance of livestreaming in assisting the shopping process by providing the information and knowledge about the product. This subsequently increases the absorptive capability of the consumers during product learning process. This study is aimed to fill in the research gap exist in the current literature on the emerging online retailing phenomenon in the use of social livestreaming. The research questions of this study are as follows. First, do the relative advantage of livestream influence the intended purchase behavior of consumers? Second, what are the knowledge dimensions gained by the viewers for shopping purposes?

The use of social live streaming in improving consumer knowledge is not examined yet. Majority of The studies related to the use of live stream lie in attracting customer to buy and its use in fostering customer engagement (Todd & Melancon, 2018; Yu, Jung, Kim, & Jung, 2018). Therefore, this study would investigate the usefulness of livestream in enhancing the ability of consumers to absorb knowledge needed in determining the purchase decision. The major contributions of this paper is to propose a new integrative model in combining theories of relative advantage and absorptive capacity in the acquisition for product learning with the use of livestreaming. Another contribution of this paper is to show the importance of live stream usage in increasing absorptive capacity of consumer’s product knowledge. With its enriching interactivity and higher quality of visualization, it is interesting to know how much knowledge from livestreaming is attainable. These contributions are vital to explain the ever-growing use of social video for online shopping.

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